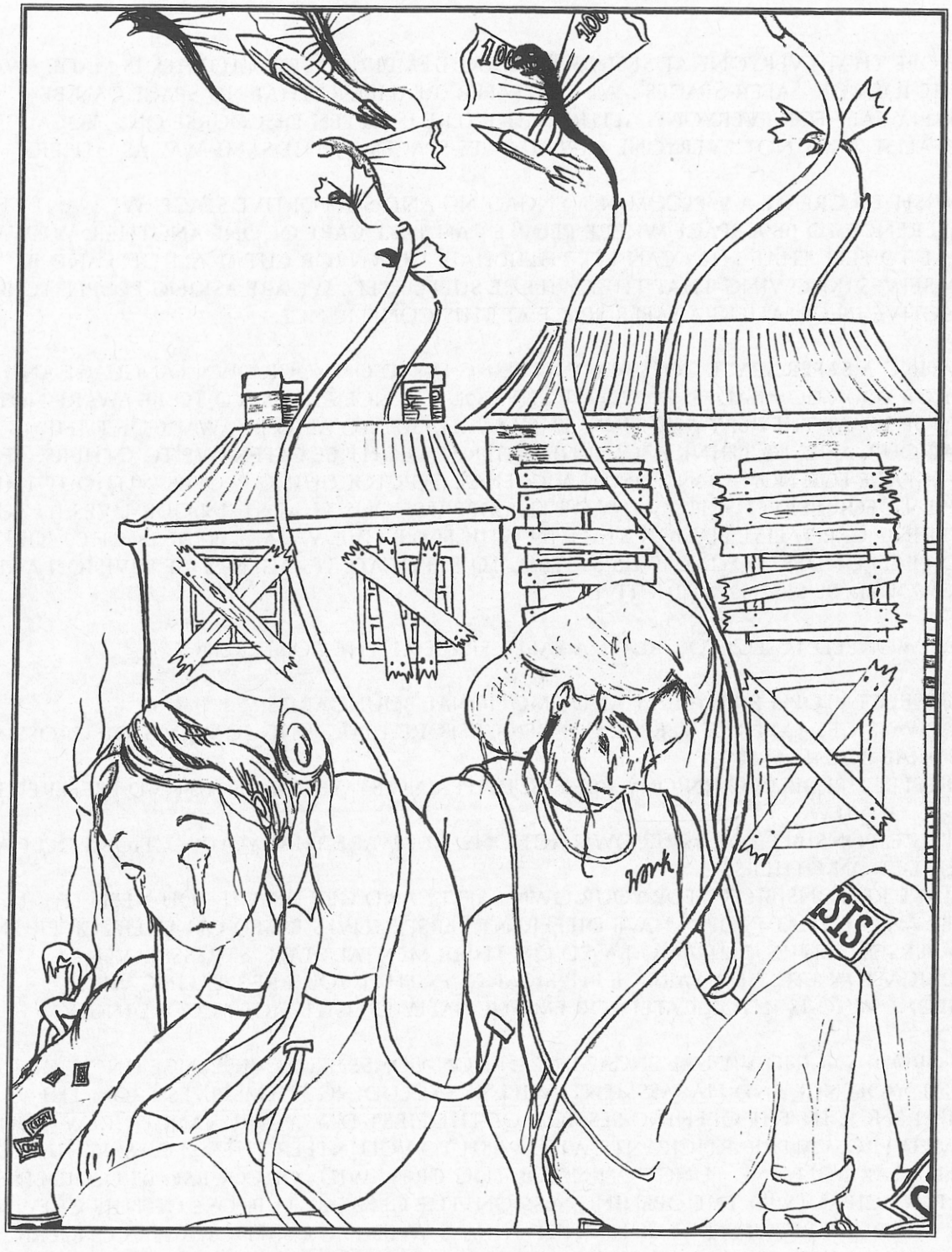
Seeing Through Empire's New Clothes



2009 CRISIS CONFERENCE READER

An invitation to create a safer space

CULLED FROM BLACK ROSE, A SPACE OUTSIDE, AND FLARE IN THE VOID SAFER SPACES INVITATIONS

We hope that everyone at Seeing Through Empire's New Clothes is made aware of the idea of "Safer Spaces". We say "safer" realising that no space can be entirely safe for everyone. Although there is often discourse on `equality' we realise that not everyone experiences spaces in the same way as others.

We wish to create a welcoming, engaging and supportive space. We want this conference to be a space where people can take care of one another. We want people to feel that they can let their hair down (or cut it all off) and be themselves, knowing that they will be supported. We are asking people to be proactive in creating a safer space at this conference.

Creating a safer space goes beyond being solid on your own language and that of your comrades: people at the conference are asked to be aware not only of what they say and how they say it, but to also be aware of their behaviour, and to think about whether it might be offensive to others. This is no space for non-consensual violence, for touching people without their consent, for perpetuating any of the oppressions that stain our lives in this festering capitalist nation state in which we live. We are here in the work (and play) of destroying this system. To replicate its agents of division and pain would be self-destructive.

What we need to do to create a safer space at the conference:

* Respect people's physical and emotional boundaries;
* Always get explicit verbal consent before touching someone or crossing personal boundaries;
* Respect peoples opinions, beliefs, differing states of being and different points of view;
* Be responsible for your own actions. Be aware that your actions do have an effect on others;
* Take responsibility for your own safety and get help if you need it;
* Be aware that people have different perspectives based on their experiences and personalities, but also based on their mental state, stress, level of intoxication etc. Be aware of physical cues that you are dealing with someone who is intoxicated, or emotionally fragile. Act accordingly.

Any group or individual engaging in non-consensual violence (including sexual violence and harassment) will be excluding themselves from the conference. In the opening session of the first day, a 'Grievance Crew' will be formed from any participants who wish to volunteer themselves. While the particular role and functioning of this crew will, of course, be decided by the participants in the opening session, the general purpose of this crew will be to mediate between groups/individuals who have safer spaces concerns.

'Seeing through Empire's New Clothes' aims to be survivor centric and survivor oriented. In the event of the grievance crew having to make a decision in which the question of "benefit of the doubt" is concerned, this benefit will always go to the survivor.

“

By taking 'sub-prime' mortgages as the cause of the crisis, the working class demands for reliable housing and income security have been branded to be systematically 'toxic' to the credit system (to use the reigning metaphor of our day). The blockage of the credit route out of the long-term stagnation of the wage will have major strategic consequences. Since capital will not allow the US working class to be a class of rentiers (living off the ever increasing value of their stocks and of the equity on their homes), workers must return to the hard terrain of the wage in the coming era, however unpropitious it appears.

- “Notes on the ‘Bailout’ Financial Crisis,” George Caffentzis, October 2008:

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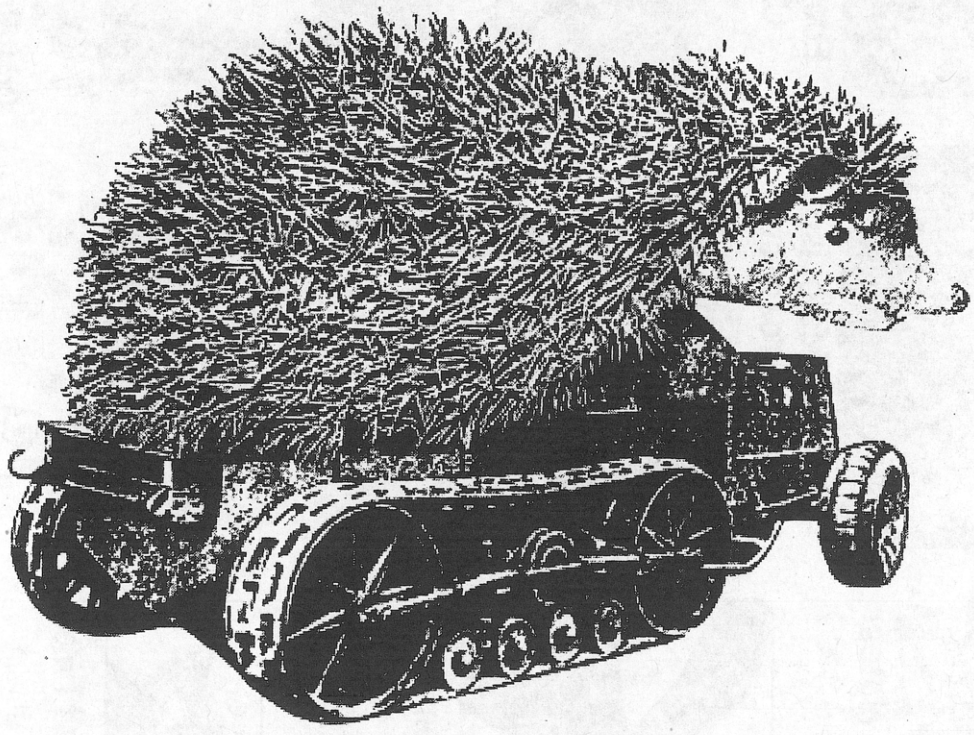

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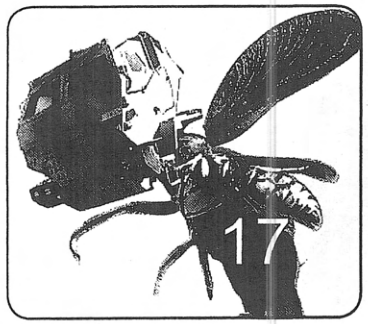

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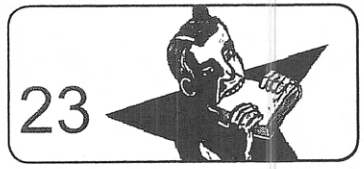

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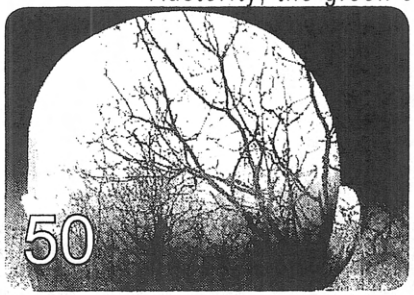

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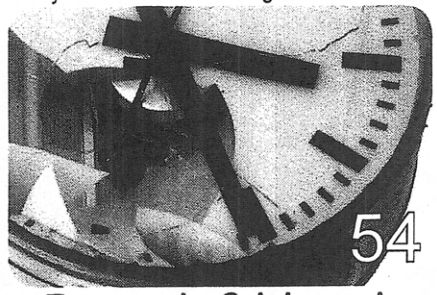

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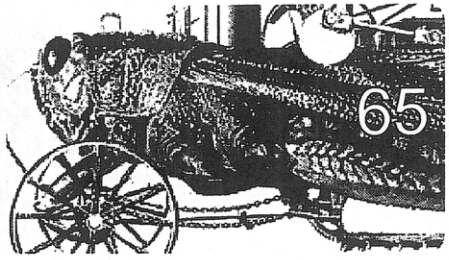

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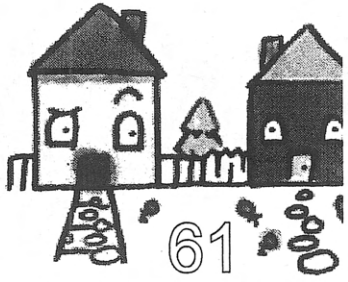

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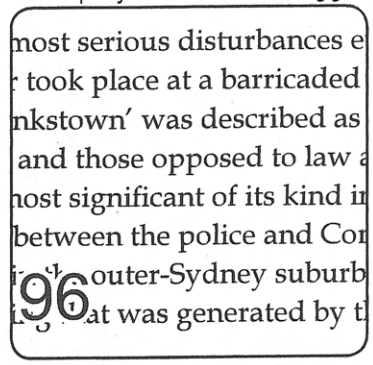
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Promissory Notes
From Crisis to Commons

Midnight Notes Collective
and Friends

Promissory Notes: From Crisis to Commons

Midnight Notes and Friends

> The bullet that pierced Alexis's heart was not a random bullet shot from a cop's gun to the body of an 'indocile' kid. It was the choice of the state to violently impose submission and order to the milieus and movements that resist its decisions. A choice that meant to threaten everybody who wants to resist the new arrangements made by the bosses in work, social security, public health, education, etc. —Translated from a flyer, "Nothing will ever be the same," written and distributed December 2008 in Greece.

Crisis: What it is, What it is not

After five hundred years of existence, capitalists are once again announcing to us that their system is in crisis. They are urging everyone to make sacrifices to save its life. We are told that if we do not make these sacrifices, we together face the prospect of a mutual shipwreck. Such threats should be taken seriously. Already in every part of the planet, workers are paying the price of the crisis in retrenchment, mass unemployment, lost pensions, foreclosures, and death.

To make the threats more biting, there are daily reminders that we are in an era when our rights are everywhere under attack and the world's masters will spare no atrocity if the demanded sacrifices are refused. The bombs dropped on the defenseless population of Gaza have been exemplary in this regard. They fall on all of us, as they lower the bar of what is held to be a legitimate response in the face of resistance. They amplify a thousand-fold the murderous intent behind the Athenian policeman's fatal bullet fired into the body of Alexis Grigoropoulos in early December of 2008 (described in the epigraph above).

On all sides there is a sense that we are living in apocalyptic times. How did this "end-of-times" crisis develop, and what does it signify for anti-capitalist/social justice movements seeking to understand possible paths out of capitalism? This pamphlet is a contribution to the debate on these questions that is growing ever more intense as the crisis deepens and the revolutionary possibilities of our time open up. We write it in an attempt to penetrate the smokescreen now surrounding this crisis that makes it very difficult to devise responses and to anticipate the next moves capital will make. All too often, even within the Left, explanations of the crisis take us to the rarified stratosphere of financial circuits and dealings, or the tangled, intricate knots of hedge-funds/derivatives operations—that is, they take us to a world that is incomprehensible to most of us, detached from any struggles people are making, so that it becomes impossible to even conceptualize any forms of resistance to it.

This issue was written
by members and friends of Midnight Notes.

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Our pamphlet has a different story to tell about the crisis because it starts with the struggles billions have made across the planet against capital's exploitation and its environmental degradation of their lives.

Crises in the 21st century cannot be looked at with the eyes of the 19th, which did not see class struggles as an important source of crises, but rather considered them to be automatic, inevitable products of the business cycle caused by the capitalist "anarchy of production." An intervening century of revolutions, reforms, and world wars has led to a revised view. First, a distinction between a real epochal crisis and a recession was recognized. The latter is a state of "disequilibrium" (i.e. part of the normal dynamic of the "ordinary run of things" periodically meant to discipline the working class). The former is an existential condition that puts the "social stability" and even the survival of the system into question. A second revision was the recognition that recessions and crises are not totally out of human control; they can be strategically provoked, precipitated, deferred, and deepened.

promissory | prämə sôrē|
adjective chiefly Law
conveying or implying a promise:
statements that are promissory
in nature |promissory words.

• archaic indicative of something to come;
full of promise: "the glow of evening is promissory
of the splendid days to come."

and:

promissory note, noun,
a signed document containing a written
promise to pay a stated sum to a specified person
or the bearer at a specified date or on demand.

Capitalism's acclaimed automatic tendency to the full-employment of labor, capital, and land has long been disconfirmed by history. By the 1930s, even bourgeois economists saw that it might be necessary in real crises for the government to pull, kick, and stimulate the system when stuck far from full employment. But in devising tools to overcome the crisis of the Great Depression, they also realized that they could plan crises and recessions. Crises can never be eliminated, but they can be hastened and deferred by governmental action. Though dangerous, they can be used as opportunities to deliver coups in class confrontations to keep the system alive. They are the "limit experiences" of capitalism, when the mortality of the system is felt, and it is widely recognized that something essential must change—or else.

The last century has also shown the importance of class struggle in shaping crises, for workers (waged and unwaged, slave and free, rural and urban) have historically been able to precipitate capitalist crises by intensifying the contradictions and imbalances inherent in the system to the breaking point. This capacity makes it possible to understand workers' revolutionary potential: If they cannot put capitalism in crisis, how can they have the power to destroy capitalism in a revolutionary opening?

However, one thing remains true of genuine crises from the 19th century until now: they are the occasions of revolutionary ruptures. As Karl Marx insisted in 1848, crises' "periodic return put on trial, each time more threateningly, the existence of the entire bourgeois society." So for him, the approximately five-to-seven year business cycles end in crises when all of capitalism is put in question.

The word "crisis" gets meaning from its origin in medicine: "a point in the course of disease when the patient either descends to death or returns to health." In this case, the patient is capitalist society. That is why for Marx and his comrades the approach of a crisis was closely watched with much excitement, even glee, since it signaled to them the possibility of a revolution. They were confident that the system's ever-deeper crises would soon lead to the sounding of its death knell and the expropriation of the expropriators!

It is with this knowledge, from this perspective, and with a cautious joy that we approach the present crisis. Our discussion is in five sections:

(i) the long-term sources of the crisis;

(ii) its immediate causes and consequences;

(iii) the opportunities it affords to each class;

(iv) the constitution of commoning, i.e., the rules that we use to share the common resources of the planet and humanity;

(v) and the nature of revolutionary struggles arising out of the crisis.

Crises Past and Crisis Present: From Keynesianism to Neoliberalism and Globalization

A comparison is often made between the present crisis and the Great Depression, and, by extension, a capitalist "solution" is often sought after in a replica of the New Deal. However, the profound differences between Great Depression and the present crisis prevent a return to New Deal policies.

Similarities between the two crises abound, of course. In both crises, the epicenter lay in speculative investments. Both crises can be seen as the results of capitalists' refusal to continue to invest in production in the face of diminishing returns. Most importantly, both crises can be read as products of over-production and under-consumption, resulting in gluts and a fallen rate of profit, all of which combine to freeze new investment and instigate a "credit crunch."

Many left analysts hypothesized that these common trends in capitalist society have led to "over-accumulation" or "stagnation"—in other words, to the inability of capitalists to find investment opportunities in commodity production that would provide an adequate rate of return. The argument is that, in a sense, capitalism was too successful in the 1980s and 1990s: it destroyed US workers' power to such a degree that they no longer struggled for wages high enough to buy the commodities produced, thus causing gluts, over-capacity, under-investment, etc. The emerging Leftist theory of our present crisis emphasizes the commercial failure of the system that led to a profits crisis. This is often called the "realization" problem, i.e., commodities are over-produced and the working class's demand is restricted (to preserve profits), leading to under-consumption and difficulty investing in manufacturing industries at an acceptable rate of profit. The drive to make profits by attacking workers' wages undermined the very condition of profitability, since the commodities produced must be bought to make a profit!

The result, it is argued, is the "financialization" of the economic system, where, because investment in production is no longer profitable enough, more and more capital has been invested into making speculative loans and complex hedging bets. This financialization has benefited from and strengthened the effort to monetarize and marketize all actions within society, from eating dinner to planting seeds in a garden.

Indeed, it was the very objective of the dominant economic strategy of the last thirty years (often called "neoliberalism") to bring the world economy back to a pre-New Deal stage of "free market" capitalism—hence the similarities of the two crises. In this sense, today we can also say that capital is paying the price for its calculated disconnect between over-production and under-consumption. Ideally, over-accumulation can eventually be corrected by destroying and/or devaluing various forms of capital: unsold commodities, the means of production, and the wages of millions. FDR rejected this path (which had been the advice of the paleo-liberal economists who advised Herbert Hoover), because it seemed that revolution might result from the devastation wreaked by devaluation. Instead, FDR proposed the New Deal.

The New Deal solution—a combination of (1) the institutional integration of the working class through the official recognition of unions, (2) the stipulation of a productivity deal where increased wages would be exchanged for increases in productivity, and (3) the welfare state—is not in the cards today. The New Deal was struck in the context of an organized, rebellious workforce in the US, empowered by years of marches, by revolts against unemployment and evictions, and by thousands ready to march on Washington with their eyes turned to the Soviet Union.

We are in a very different world now. Although class struggle continues, in no way can today's waged and unwaged workers in the US match the political power and organizational level they achieved in the 1930s. The Keynesian policy (named after the economist and philosopher John Maynard Keynes) that inspired and theoretically justified the New Deal was wiped out by the long cycle of waged and unwaged workers' struggles, which in the 1960s and 1970s attempted to "storm the heavens" and transcend the New Deal. These struggles circulated from the factories through the schools, the kitchens and bedrooms, as well as the farms of both the metropoles and the colonies, from wildcat strikes, to welfare office sit-ins, to guerrilla wars. They challenged the sexual, racial, and international division of labor with its unequal exchanges and legacy of racism and sexism. In a word, Keynesianism was undone by the working class (waged and unwaged) in the 1970s.

Moreover, it was in response to these very struggles that by the mid-1970s capital in turn declared "an end to Keynesianism" of its own and for a short time even adopted a program of "zero growth." This was just the prelude to the deepening of crisis in the early 1980s and to the broad reorganization that went on under the name of "neoliberal globalization" aimed at destroying the victories of the international working class: from the end of colonialism to the welfare state. Therefore, the crisis we are facing today is twice removed from that culminating in the Great Depression. It is problematic to use the 1930s as our guide for the next period, since the political composition of the working class in the US and internationally has changed so radically. It is more useful to consider the plan neoliberal globalization was intended to realize and to evaluate why only three decades later it has led to a new crisis.

Neoliberalism's overall solution to the crisis of Keynesianism was to devalue labor power, reconstitute wage hierarchies, and re-

duce workers to the status of apolitical commodities (as they were considered in the bourgeois economics of the 19th century). Neoliberalism took many forms in response to the different composition and intensity of workers' power: relocation of the means of production, deterritorialization of capital, increasing the competition among workers by expanding the labor market, dissipation of the welfare state, and land expropriation (see MN, 1997). It was a precise (and, at first, successful) attack on the three great "deals" of the post-WWII era, what we in the past (following P.M., 1985) have called the A-deal (the Keynesian productivity deal), B-deal (the socialist deal), and C-deal (the post-colonial deal).

*[A-deal] In the US and the UK, Reagan's defeat of the air traffic controllers' strike in 1981 and Thatcher's defeat of the miners' strike in 1985 were followed by an orgy of union-busting campaigns and continual threats to sabotage social security pensions and other guarantees (the "safety net").

*[B-deal] The ultimate triumph of neoliberalism was the breakup of the Soviet Union, the collapse of the socialist states of Eastern Europe, and the Chinese Communist Party's decision to embark on the "capitalist road."

*[C-deal] In the "Third World," the debt crisis gave the World Bank and the IMF the ability to impose Structural Adjustment Programs (SAPs) that amounted to a process of recolonization.

In other words, with the arrival of neoliberalism, all previous deals were off. Together, these developments ended the "mutual recognition" of working class and capital by fomenting worldwide workers' competition through the creation of a true global labor market. Capital could now sample workers like a bee in a field of clover.

The consequence of these combined developments was that by the 1990s the first sign of the inability of the system to digest the immense output disgorged by its multitudes of sweatshop workers worldwide appeared. According to this argument, the culmination of the 1997 Asian crisis was the stimulus for the full financialization of the system—the attempt to "make money from money" at the most abstract level of the system once making money from production no longer sufficed.

Capital's flight into financialization is one more move in the neoliberal effort to continually shift the power relation in its favor. Faced presumably with diminishing returns in the "real economy" and an inability to sell their goods, capitalists made two important moves: on one side, they leaped to the world of hedge funds and derivatives, and, on the other, intensified the availability of credit for the US working class, so that US workers would buy the goods that workers in China and other (mostly Asian) nations continued to produce at extremely low wages (compared to the US). The success of this game—whose eminent goal was deferring crisis—depended upon the high profits capitalists operating in China and in Third World nations could accrue because of the low wages, which were then invested in credit markets in the US, enabling growing financialization. This circuit came to an end only at the point in which the enormity of (both workers' and capitalists') debt sent its underwriters into a panic flight.

This account explains much, but it leaves out an important detail: though over-production and under-consumption reduce the rate of profit, why is the resulting reduced rate of profit inadequate for capitalists to want to re-invest? Take an average capitalist: if s/he sold all the commodities produced in his/her firm, s/he would receive a 100% rate of profit; but with the "realization" problem, s/he only receives a 50% rate. Would that not be adequate? Even with a realization problem that required the destruction of half of what is produced, capitalists might still make a sizeable profit rate. This "inadequacy" is not inherent to capital in the abstract. Rather, it is based on capitalists' determination to make more, to demand a more rapid expansion of the system and of the profits of its owners. When capitalists deem a field of investment possibilities "inadequate," it means that the average rate of profit currently available is less than their expectation based on past experience. What, however, are the causes of an actual decline in the planetary rate of profit?

An actual fall is rooted in many factors, but there are two that are especially crucial for us: capital's inability (a) to increase the rate of exploitation by decreasing wages; and (b) to reduce the value of the constant capital (raw materials, especially) involved in the production of a commodity. The latter is especially due to the inability to pass along to workers the cost of the environmental damage caused by the extraction of the raw materials and the production of commodities. That is why the impacts of "economic" and "ecological" struggles on the average rate of profit are hard to distinguish in this crisis.

Let us consider the consequences of both (a) and (b).

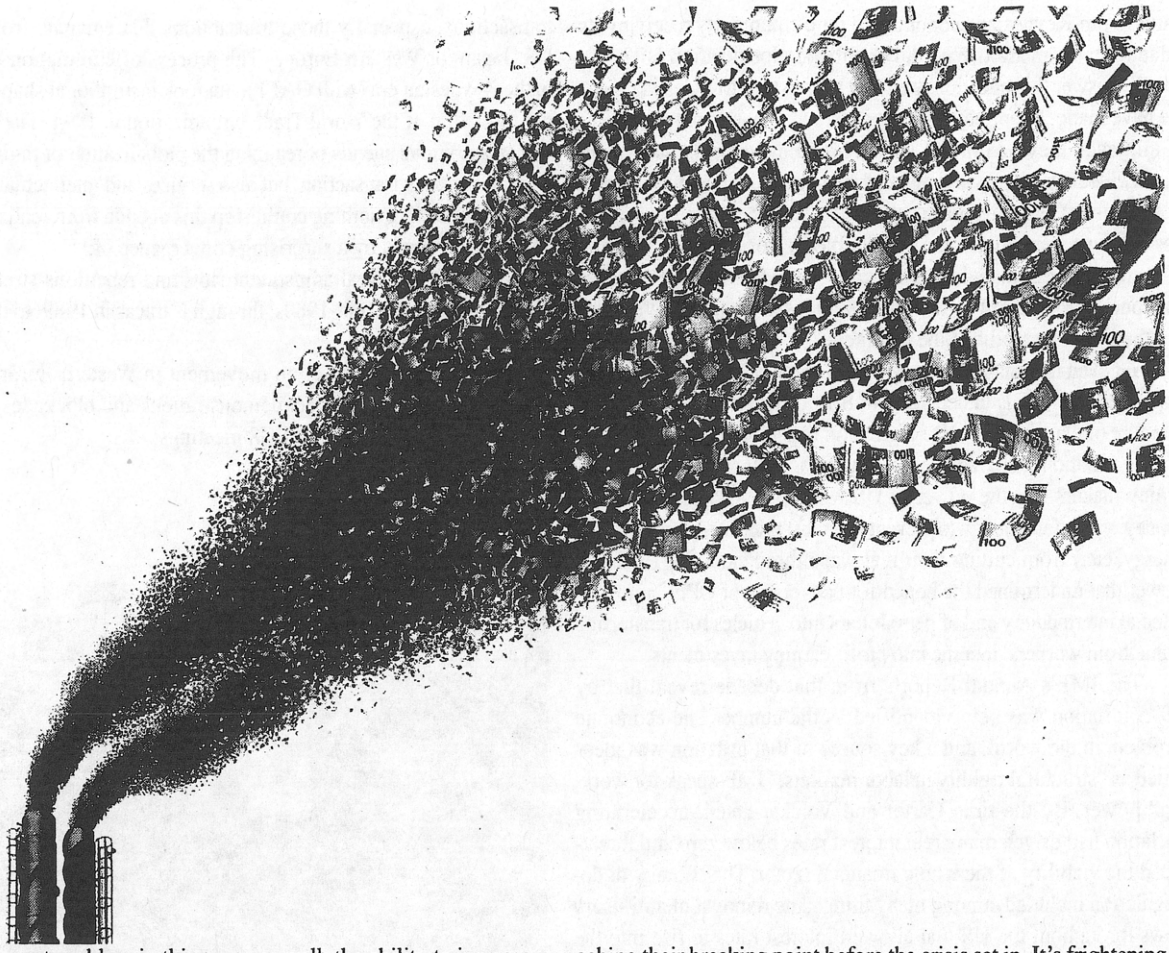
(a) Globalization has helped to reduce wages in the last three decades in the US by bringing manufacturing production to the "periphery" (especially to China in the last decade), where prevailing wages are just a fraction of US workers'. If wages remained low there, the deal between US and Chinese capital would have been stable. Chinese workers would have provided super-profits for US capitalists and super-cheap commodities for US cash-strapped US workers. However, though wages are relatively lower in China than the US, they have been rising rapidly. The Chinese average nominal wage has risen about 400% in the decade between 1996 and 2006, while the Chinese average real wage has risen by 300% between 1990 and 2005, with half of that increase between 2000 and 2005. This can have a profound effect on profitability long before wages in China become comparable to those in the US.

It would help to look at a simple hypothetical numerical example to appreciate this point: the wage of a Chinese worker might be a tenth of a US worker's wage, and the rate of profit for a factory with relatively little investment in machinery in China might be 100%. Though the doubling of the Chinese workers' wages would still make his/her wage one fifth of a worker in the US, other things being equal, the rate of profit would have fallen to 50%.

Thus, wage increases can cause a dramatic fall in the rate of profit without wages necessarily becoming equal in purchasing power to the wages of a Western European or North American worker. The first large-scale taste of this phenomenon in the neoliberal period was the workers' mobilizations in Korea and Indonesia that were the basis of the famous "Asian financial crisis" of 1997 we chronicled in "One No and Many Yeses" (MN, 1997).

The lowering and stagnation of average wages in the US (but still at a relatively high level from a global perspective) has been accompanied by increases in Asian workers' wages that challenged the rate of profit long before they came close to being equivalent to wages in the US. Super-high levels of profitability can disappear well before suburbia, the car, and the Gucci handbags arrive en masse.

This problem of "realizing" the surplus value in the face of the actual or impending confrontation with workers struggling for higher wages and greater power at work led capitalists to turn to other avenues to earn the rates of return that they desired. But there



is an inherent problem in this move as well: the ability to increase interest revenue though financialization is limited by the surplus value created in production and reproduction throughout the global capitalist system. The crisis in the financial sector arises from the confrontation with this limit. Since financial gains are—however indirectly—finally also extracted from real labor, one can readily understand that even a modest increase in Chinese wages could pull the rug from under the financial house of cards.

(b) The ecological/energy moment of the crisis appears most directly here. The reduction of the costs of constant capital can lead to an increase in the profit rate, but it crucially depends upon being able to "externalize" the harm it causes (i.e., to force those harmed by the pollution of raw material extraction, by the climate change caused by industrial production, or by genetic mutation produced by the spread of genetically modified (GM) organisms to quietly and continually submit to it without demanding that it cease). It is only when there is a mass refusal to allow this externalization to pass that ecological issues become "pressing" and an "emergency." Unless there is struggle against the harm and the tacit assumption of the costs, ecological damage is an aesthetic phenomenon like the smog in a Monet painting.

This struggle has now come out of the shadows and is threatening profitability throughout the system. There is a worldwide recognition that we aren't just in another round between workers and capitalists to see how to organize the economy; we are facing catastrophic climate change and generalized social and environmental breakdown in a world where "the civilization of oil" has placed a great part of humanity in cities and slums that were already reaching their breaking point before the crisis set in. It's frightening to see Mexico, for instance, with so many people barely surviving and the State and other oligopolists of violence already so intense, poised on the brink, with migrants returning from the USA... to what? One community recently came out with guns to cut off water to another that they considered was taking too much. What will happen when—as the scientists say is already determined—the average heat in these latitudes has increased three degrees, when every summer is as hot or hotter than the hottest on record?

There clearly cannot be any more profit-making business as usual. Indeed, in its disciplinary zeal, capitalism has so undermined the ecological conditions of so many people that a state of global ungovernability has developed, further forcing investors to escape into the mediated world of finance where they hope to make hefty returns without bodily confronting the people they need to exploit. But this exodus has merely deferred the crisis, since "ecological" struggles are being fought all over the planet and are forcing an inevitable increase in the cost of future constant capital.

So on both counts, with respect to wages and ecological reproduction, the struggles are leading to a crisis of the average rate of profit (and the rate of accumulation) and imposing a limit on the leap into financialization.

2. The Crisis of Neoliberalism: Causes and Consequences

Neoliberal globalization was an ambitious project. Had it succeeded, it would have changed the very definition of what it is to be human into "an animal that trucks and barters him/herself to the highest bidder" and would have returned labor power to its

status in pre-Keynesian economics: a pure commodity receiving its value from the market. Why did neoliberal globalization fail?

To answer this question, we must turn to the struggles that people have made. Even though US workers may not display the level of militancy they had in the 1930s, broad movements have risen worldwide that in our view must be must be recognized as sources of the crisis. Certainly, these are not the only factors and possibly not the most immediate ones. Undoubtedly, for example, the lack of regulations on financial transactions was a factor in the non-linear complexity created by the meta-gambles in the derivatives trading that have destabilized the "markets."

Yet even the financial de-regulation that began under Carter and continued afterwards under Reagan, Bush, Clinton, and Bush was a moment of class struggle. De-regulation began in response to accelerating inflation that was due—in reality as well as in the minds of policy makers—to the power of US workers (on average) to raise money wages fast enough to prevent capitalist price increases (of food, energy, etc.) from cutting their real wage throughout the 1970s—a power that undermined the hoped-for conversion of OPEC into a financial intermediary and of petrodollars into vehicles for transferring value from workers' income into profit-earning investments.

The IMF's Annual Reports from that decade reveal that by 1975 inflation was being identified as the number one economic problem in the world, and a key source of that inflation was identified as "structural rigidity in labor markets," IMF-speak for workers' power. By the time Carter and Volcker acted, accelerating inflation had driven many real interest rates below zero and threatened the viability of the whole financial sector. The strategy of de-regulation included, among many things, the removal of anti-usury laws throughout the US that allowed interest rates to rise into the double-digits. It was a response to the power of workers to not only raise wages and other forms of income to the point of undermining profits—despite the capitalist recourse of basic good price manipulation and floating exchange rates—but also to block any recovery in the rate of growth in productivity at the point of production.

Many of the struggles in the 1970s in the US eventually were defeated, but since then there has been a new generation of struggles, both in the US and internationally, against neoliberal globalization that has proven decisive.

We focus on some of these struggles as conditions for the understanding of the political questions posed by the Crisis. Schematically, the sources of the Crisis include:

(1) the failure of neoliberal globalization's institutional changes;

(2) the failure to neoliberalize the structure of the oil/energy industry;

(3) the inability to control wage struggle (especially in China);

(4) the rise of land and resources reclamation movements (Bolivia, India, Niger Delta);

(5) the financialization of class struggle though the expanded use of credit in the US to supplement the fallen and stagnant real wage;

(6) and the inclusion of blacks, latinas, recent immigrants, and women into the "ownership society," undermining class hierarchy.

(1) Neoliberal globalization depends upon a framework of laws and rules that eliminate barriers to commodity trade and financial transactions, especially those transactions that emanate from the US, Japan, or Western Europe. The process of elimination began in the Keynesian era (with GATT), but took institutional shape with the formation of the World Trade Organization in 1994. The WTO had an ambitious agenda of realizing the globalization of traditional trade and money transaction, but also services and intellectual property. It looked like nothing could stop this agenda from realization. But it was stopped by a surprising convergence of:

(a) anti-structural adjustment riots and rebellions stretching from Zambia in the mid-1980s, through Caracas in 1989, to the Zapatistas in 1994;

(b) the anti-globalization movement in Western Europe and North America and its street demonstrations and blockades at the WTO, IMF, World Bank, and G8 meetings;

(c) and the many Third World governments that refused to completely give away the last shreds of sovereignty (especially over their agricultural production) to organizations like the WTO, the IMF, and World Bank that were dominated by the US, Japan, and Western Europe. The reasons for this were not purely "patriotic;" they had much more to do with the power of the farmers' movements in their territory and the threat they posed to their own "sovereignty." The Doha Round at the WTO finally perished in particular because the Indian government officials just couldn't give away any more on agriculture—although they would have loved to sacrifice their peasants for some high-tech stuff. The Indian movements have been mobilizing by tens and hundreds of thousands over the decade from 1998 to 2008 to stop WTO (not to mention the Philippino, Korean, and Bangladeshi farmers).

Though often ignorant of each other's actions and intents, these rebellions, street demos, and "insider" resistances de-legitimized the "earth is flat" globalization ideology and the attempt to enclose the world's remaining subsistence and local market farmers.

(2) The second moment of failure was the attempt to revive the flagging neoliberal globalization project after 1999 by war, especially in an effort to transform the oil and gas industries into ideal neoliberal operations through the invasion and occupation of Iraq (MN, 2002). This failure has been caused by an armed resistance that inflicted tens of thousands of casualties on US troops, but that, in turn, has suffered hundreds of thousands of deaths and injuries. It has had enormous consequences for neoliberal globalization. First, after six years of

war in Iraq, the most basic of industries—the oil and gas industry—still is organized, both in Iraq and around the world, by two forms that are anathemas to the neoliberal doctrine: the national oil company and the international cartel (OPEC) that tries to influence the market price for oil. Second, the leader of the neoliberal project, the US, has been severely weakened both militarily and financially by the effort. This has become most evident when the US government was declaring victory (due to "The Surge"). It simultaneously was told by its own Iraqi "puppets" to leave the country by 2011, to dismantle its bases, and not to expect to see a neoliberal "Oil Law" soon! Surely the "puppets" spoke so harshly to their masters because they feared the violent reaction of the Iraqi people to the attempted give away of Allah's hydrocarbon gift.

(3) The neoliberal project of the "refusal of wages" has been quite successful in the US where the real wage has never regained its 1973 peak. That is why one cannot find a source of the crisis in the US wage struggle as one can for the crisis of the 1970s. All the typical indices of such struggle (e.g., strike activity) in the US have been depressed. There have been defensive struggles waged, with some success, to limit attacks on non-waged income, e.g., social security, medicare, and food stamps. Moreover, there have been ongoing struggles against other attacks on the working class, e.g., on the terrain of women's rights, environmental protection, etc.

However, the neoliberal project depended on the ability to use competition in the international labor market not only in the US but throughout the world. This project has failed, especially with respect to Asian countries. We saw the failure of this control in Korea and Indonesia during the lead up to the Asian financial crash in 1997 (see MN, 1997). The major failure of this strategy since then has been in China, where the level of wage struggle has taken on historic dimensions, with often double-digit wage increases as well as thousands of strikes and other forms of work stoppages.

(4) The "New Enclosures" have operated through Structural Adjustment Programs and the fomenting of war that were meant to expropriate people throughout the Third World of their attachment to their communal land and its resources. Certainly, they have driven millions of people from their land and communities in Africa and many parts of the Americas, if the increase in immigration rates and numbers of refugees is any indicator. But there has also been a powerful response to the attack on common lands and resources throughout Asia (especially in India and Bangladesh), in much of South America, and in parts of Africa. The Bolivian "water" and "gas" wars of the last decade have made it clear that the effort to privatize vital resources is a risky enterprise. Similar limits are being experienced in oil production in the Niger Delta, where there is now an ongoing war of appropriation waged by groups like the Movement for the Emancipation of the Niger Delta (MEND); such groups are demanding that the people of the Delta be recognized as communal owners of the petroleum beneath their oil, against the Nigerian government and the major oil companies. Indeed, there is a political limit being reached in oil exploration and extraction that Steven Colatrella has aptly called a "political Hubbert curve."

(5) The main function of the financialization of capital was to buffer accumulation from working class struggle by putting it beyond its reach and by providing a hedge against it by making it possible for capitalists to bet against the success of their own investments, hence providing insurance in any eventuality. What capitalist does not want to be able, for a small payment, to protect him/herself from a dramatic devaluation of the currency of the country they are investing in due to a spate of general strikes, or from the bankruptcy of a company that they are dealing with due to workers' wage demands?

Paradoxically, however, neoliberalism has thrown open a new dimension of struggle between capital and the working class within the domain of credit. For a whole set of credit instruments and speculative investments were offered to US workers, from sub-prime mortgages, to student loans, to credit cards, to 401(k) pension management schemes. Workers used them because their inability to project their collective power on the job to achieve significant wage increases, guarantees for pensions, or health care forced them to try to expand into the financial realm. With the dismantling of the so-called welfare state, workers in the US had to pay a greater share of the cost of their own reproduction (from housing and health care to education) at the very moment when their real wages were falling. Workers demanded access to these requirements for reproduction through the credit system. Capital's "sharing" with workers of accumulated value through making credit available comes at a price: that workers' desires for access of the means of reproduction (home, auto, appliances, etc.) are aligned with capitalists' desires for accumulation. "Financialization" is not simply a capitalist plot; it too is a process and product of class struggle. True, there is an element of necessity in workers' response to the attack on their conditions of reproduction, but without necessity there is no agency either.

The entrance to the credit system is no workers' paradise, of course. Borrowing and the accompanying interest payments depress wages, sometimes quite substantially, and credit ties workers to the real estate and stock markets. However, it is an important achievement for workers to be able to "use someone else's money" in order to have a home without worrying about rent increases and be paying the owners' mortgage and his/her taxes, to have the desire (real or fancied) evoked by a commodity satisfied today, to have access to education that might make for higher wages in the future, and to have an automobile that makes a wider range of jobs and social contacts possible in the lonely landscape that life in the US often presents. This dangerous working class strategy hovered between using the credit system to share in collective wealth and debt peonage!

In a way, though neither "consciously" nor in a coordinated manner (as so many things happen in capitalist society), many in the US working class have collectively attempted to turn the neoliberal vision of transforming everyone into "rational economic" agents against the system itself by taking the Bush Administration's "ownership society" rhetoric at its word. In so doing, they have brought the system into a crisis by implicitly threatening to refuse to pay their debt, i.e., to leave the key in the mailbox and walk out. As was pointed out long ago, if you owe the bank $1000 and you can't pay, you are in trouble; but if you owe the bank $1,000,000,000 and you can't pay, the bank is in trouble. What is often not mentioned is that if 1,000,000 people each owe the bank $1000 and can't pay, then the bank is still in trouble!

Financialization was meant to provide capital with a shield against the indeterminacies caused by class struggle, but it invited the working class into its very breast. This attempt by financial capital to play both sides of the equation (i.e., to have capital pay for

protection against struggle and at the same time bring the presumably "tamed" agents of that struggle into the financial machine) is one basis of the contemporary crisis. True, though the working class' share of the total debt is sizeable, it is much smaller than US corporate or state debt. However, its quality is different. Corporate debt is intra-class, while national debt is omni-class, but working class debt is inter-class and potentially creates the greatest tension.

(6) This double character of financialization was intensified by the struggle of workers previously excluded from access to credit (blacks, latinas, recent immigrants, single women, and poor whites) to enter into the charmed circle of home mortgages, student loans, and credit cards. Financial capital significantly opened up to these new creditors in the 21st century, who previously could only borrow under the most onerous conditions from loan sharks and pawnshops. It answered their desire to be able to have legal claim to a house, car, desired commodities, and a better paying job, but with poison pills: sub-prime mortgages whose interest payments would balloon after three years, credit cards whose interest rates approached loan shark levels, student loans that would turn graduation into an entrance to wage slavery. These workers' pressure to be included into the neoliberal deal—i.e., one can have access to social wealth only on an individual basis and via non-wage income—was answered affirmatively by capital in the first years of the 21st century. It proved to be the initial point of destabilization of the credit system.

Does the deepening and widening of the circulation of credit into the working class mentioned in (5) and (6) deserve to be called a "struggle"? One might well question such a formulation, given the immediate denouement of the story—millions of foreclosures and bankruptcies, etc. But there is no doubt that there has been a struggle over conditions of payment and of bankruptcy (extending to workers), as well as struggles over legislation that would "rescue" homeowners from foreclosure. Many on the Right have taken this "credit revolution" as the cause of the crisis, since it let too many of the "unworthy" into the inner sanctum of credit. But this does not invalidate the actual struggle that had been launched by black workers from the 1960s on against "redlining" and other forms of credit discrimination. After all, debtors' struggles have traditionally been basic to the analysis of class history since ancient times. Why should these be excluded in the class analysis of the 21st century?

We do not attach a "price tag" to these six moments of struggle. Along with many other conjunctural factors, they combined to create a crisis of historic proportions in 2008. The failure of Neoliberalism's Wage and War doctrines, Globalization, New Enclosures, Financialization and the Crisis of Inclusion together not only produced the economic "downturn," but the logical contradictions that infest them are transforming the present recession into a real crisis. It might be possible for there to be a "recovery" (as measured by increased GNP) in the near future, but if the contradictions are deepened and the failures intensified, capitalism could become "history."

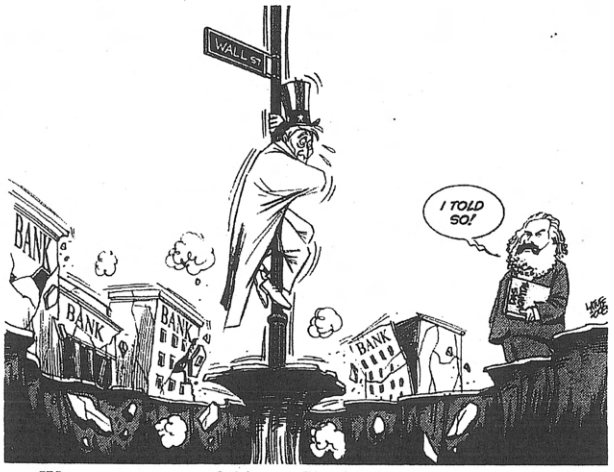
3A. Capital's Immediate Response to the Crisis Opportunity

This crisis gives capital an opportunity in at least three aspects: (i) the reorganization of the power relation between financial capital and the rest of the system, (ii) the disciplining of the US working class's role as a debtor and player in the financial system, and (iii) the justification of environmental plunder, wage reduction, and land expropriation in the Third World through a revival of the "debt crisis." Let us take each one in turn:

(i) Financial Capital's Agony or its Renaissance?

This crisis begins as a financial crisis (i.e., as the inability to pay back the principal and interest on debts or to pay for lost wagers made on a grand scale). Though most crises have a financial aspect, this clearly is one that poses fundamental challenges to the system's fate, for it makes a major transformation of the order and hierarchy within the sectors and phases of capital inevitable.

Will the crisis be the opportunity (in return for the enormous amount of capital that the financial sector is demanding of the state) to call for a complete halt or at least draconian regulation of many of the financial practices (especially Collateralized Debt or Mortgage Obligations, Structured Investment Vehicles, Credit Default Swaps, credit derivatives of all sorts, and maybe even of offshore banking—tremble little Switzerland!) whose collapse have put the everyday operations of industrial, commercial, and service companies large and small into jeopardy? Or will financial capital hold the rest of the system hostage by threatening to shut off lending and bring the credit system to a halt unless it gets its debts secured by the government on its terms?



We see an aspect of this conflict in the struggle over the "bail out" of the "Big Three" automakers versus the almost unanimous support on the highest level of government (from the Bush administration to the Obama administration) for the large multipurpose banks (Citigroup), insurance companies (AIG), and even investment houses (Bear Stearns). The tremendous controversy—and now potentially fatal terms demanded of GM and Chrysler—over what is now a relatively small sum compared to the swiftly granted billions for AIG is a sign that financial capital still has the upper hand in highest elements of the state.

But this is only the first round of a long drawn out battle that will lead, if capitalism survives, to a twenty-first century hybrid between two poles: (a) an intensely stringent regulatory regime imposed on financial innovations, with the capital released from the financial sector being directed to a new investment wave in "green energy" projects (from wind turbines, to Clean Coal technologies, to nuclear power plants) and biotechnology; or (b) a victory of the financial sector, the final "de-industrialization" of the US, and a universal reconciliation with a regime of bubbles and crashes.

The first pole describes an outcome that is reminiscent of previous periods of recovery from intense "financialization" and spec-

ulation, from the "Bubble Act" of 1720 in Britain after the South Sea Bubble and the French bourgeoisie's retreat to gold in the aftermath of the 1720 Mississippi Bubble to the Glass-Steagall Act after the stock market crash of 1929. It is a return to Keynesianism, but with "green" characteristics and without nuclear-armed Communist states, whose existence was being used by workers in the US and Western Europe as a constant threat to capitalists.

The second alternative describes an outcome bitterly recognizing the unconscious anti-capitalist side of Margaret Thatcher's shibboleth, "There Is No Alternative," when applied to the hegemony of the financial sector in neoliberal capitalism with its hellish conclusion: the market is the best (since the only) way to allocate the resources of the planet, even though it leads to an ever shorter cycle of boom, bubble, bust, and depression. Can the US become in the early 21st century something of a late 20th century Britain, existing without a significant manufacturing or agricultural base (leaving this part of the division of labor to China and other continents of cheap labor)?

That is, the financial sector will be "nationalized" or the nation will be "financialized" (or some combination of both). Either alternative alone is equally improbable. Some chimera of a Keynesianism meant to revive the industrial base (with a large "green" sector) and another round of reformed Neoliberalism meant to re-legitimate financial capital's adventures will be constructed, unless there is another force in the field that can use the crisis to forge a way out of capitalism. In the short term, Keynesian and "green" policies will be pushed—perhaps aided by the fact that capital movements (with which sustained Keynesian policies are not viable) are low due to the current crisis context. Some regulation will be implemented, and definitively—after the depth of the crisis—some reconciliation with a regime of bubbles and crashes will be promoted.

(ii) US Workers as Debtors

Karl Marx, the great 19th century anti-capitalist analyst, saw financial capital as purely related only to capitalists. He pithily wrote in the 1860s: "Interest is a relationship between two capitalists, not between capitalist and worker." In other words, interest appears to be an income paid to a financial capitalist, based on the money loaned. How the loan is paid back with interest is irrelevant. Interest is logically autonomous of the production process (although for Marx it is vitally dependent on the exploitation of workers somewhere in the system). Most crucially for us, Marx writes as if workers never receive loans and pay interest. This is important, for the credit system is like a capitalist common, since it offers the capitalist (or the person who can pass as a capitalist) "an absolute command over the capital and property of others, within certain limits, and, through this, command over other people's labor." Value detached from its owners becomes a common pool resource that, though abstract, gives tremendous power to those who can access it. This power was not to be shared with workers, at least not in the 19th century.

Marx got many things right about the future of capitalism, but here he failed to see the absorption of the propertyless but waged working class into the financial system. When he looked at workers' debt, he saw only pawnshops. Since workers had almost no property that could be used as collateral to take out loans from financial institutions and they had almost no savings to be used as deposits in banks, they were never important direct players in the financial world. In fact, many mutual aid and credit union organizations sprang up in the 19th century because banks and other financial institutions considered themselves as having solely capitalists (large and small) as their customers or workers were too suspicious to hand over their hard-earned savings into the hands of financial capitalists. This is no longer the case. Workers' pension funds are an enormous source of capital for the system, and their debts comprise a large share of total indebtedness in the US (household debt is about 30% of the total debt in the US). Consequently, when we speak of financial crisis in the 21st century, we must speak of inter-class conflict as well as conflict among capitalists.

As noted in the previous section, workers in the neoliberal deal have been using the credit system to enter into the realm of non-wage income, i.e., to get access to the value common that had previously been the sole privilege of the capitalists. In doing so, they have posed a collective threat and opportunity to capital. The question is: Can capital operate in the 21st century without extensive working class participation in the credit system? Can capital return to the days before "life on the installment plan" and make credit the sole realm of capitalists again? There are many who are skeptical of either a definite "Yes" or a definite "No" to these questions for very good reasons, since the duplicitous character of financialization that we analyzed above cannot be easily "corrected." To block the working class completely (or even differentially) from access to the value of commodities, homes, and education via credit without returning to the wage struggle could be to invite an unacceptable level of class war; but to restart the machine with the working class having the same access to credit as it had before the Crisis could be to invite another repetition of the same cycle and struggle in short order. This is the capitalists' dilemma, of course, and they will have a devil of a time resolving it. But this process is not just simply a matter for capital to decide; much of the outcome lies in the actions of that sphinx, the global working class.

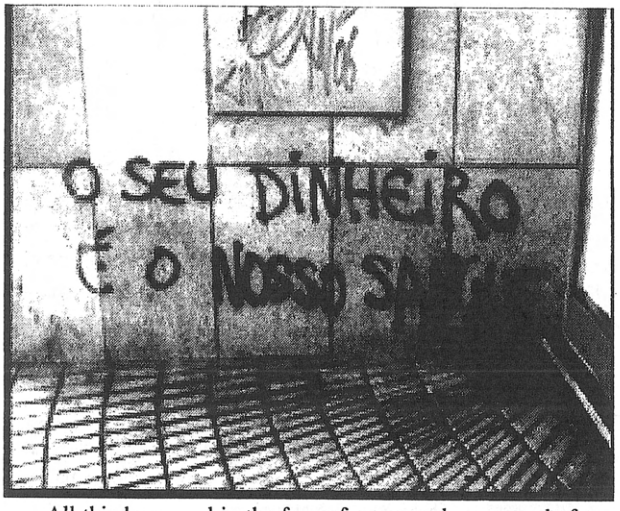
This dilemma intensifies the observation Marx made about the "dual character" of the credit system long ago: "on the one hand it develops the motive of capitalist production, enrichment by the exploitation of others' labor, into the purest and most colossal system of gambling and swindling, and restricts ever more the already small number of the exploiters of social wealth; on the other hand, however, it constitutes the form of transition towards a new mode of production." For the demand that the workers have increasingly made for access to the accumulated wealth their class has produced via the credit system also has the seeds of "a transition towards a new mode of production," even though it also is embedded in an equally colossal system of gambling and swindling.

(iii) The Crisis outside of the US and Western Europe: The Return of the IMF and World Bank

The importance of debt as a weapon in the course of class struggle is not new. It was most clearly shown in the "debt crisis" of the early 1980s, when African peasants and South American factory workers were saddled with enormous debts because of variable interest rate loans negotiated by their countries' dictatorial governments behind their backs in the 1970s when real interest rates were low (and in some cases even negative). But in 1979 interest rates skyrocketed, leaving peasants and factory workers holding the bag for debts that were many multiples of their country's GNP.

This constituted the "debt crisis" of the early 1980s that made it possible to squeeze an enormous amount of surplus value from

Africa, South America, and Asia by huge interest charges on old loans and by new loans from the IMF and World Bank to pay back old loans on the condition that these governments adopt Structural Adjustment Programs (SAPs). SAPs made it possible to pry open previously closed economies; substantially weaken the target countries' working classes; and allow US, Western European, and Japanese capitalists to access workers, land, and raw materials at extremely low cost. They were the foundation of what became known as "globalization," and the IMF and the World Bank became globalization's central control agencies, opening up countries that threatened to refuse to play by the rules of "free trade." Up until the post-Asian Financial Crisis of 1997, the SAP-dominated countries of the former Third World provided much of the flow of capital to finance housing and stock market booms in the 1980s and 1990s. Afterwards, China almost alone would do this job.



All this happened in the face of a tremendous struggle from the mid-1980s to the early 2000s. There were literally hundreds of what became known as "IMF riots" throughout the planet as well as armed revolutions that continually pressured the IMF, the World Bank, and the governments of the US and Western European nations to renegotiate loans, change loan conditionalities, and even write loans off. The struggle against SAPs became an international one, stretching from the forests of Chiapas to the streets around the IMF's and World Bank's headquarters in Washington, DC. Moreover, beginning with the rise of oil and commodity prices in the 21st century, the IMF and World Bank were being shunned by their former "clients" (more accurately, former "debt peons"). This was especially true of many oil-producing countries like Algeria, Nigeria, and Indonesia that were able to pay off a substantial part of their old loans and/or attract loans outside of the SAP-framework of the IMF and World Bank, e.g., Argentina's loan from Venezuela. Although total external debt was not reduced (or even increased) for many countries, the monopoly role of the IMF and World Bank was shattered, making it possible for countries to ignore these agencies' draconian "recommendations."

The Crisis, however, can change the power relations once again by drying up the alternative sources of funding (e.g., the Venezuelan government will find it difficult to lend to a South American nation nearing bankruptcy in this situation). As a consequence, there will be the possibility of a revival of the power of the IMF and World Bank as the global lenders of last resort, with all the power that this role implies. For the external debt for many countries has far from vanished, and under the pressure of the crisis it will dramatically increase. Indeed, the G-20 governments have agreed to expand IMF reserves to $1 trillion, and the IMF has already imposed SAP-like conditionalities on several bankrupt East European nations. Going back to the vomit of SAPs would be a historic defeat and an invitation to a new wave of neo-colonialism.

One vehicle of return is global warming, which poses an ecological limit to the forced growth of capitalist regimes. Undaunted, the usual northern players (including the World Bank) are investing in a horrific series of "solutions" to global warming in the South rather than reducing the causes of northern emissions. Agrofuels (Genetically Modified (GM) soya, African palm, sugar cane, jatropha, and all kinds of GM monstrosities in the near future) are menacing southern farmers with the greatest enclosures yet. Half of Argentina's arable land is already a "green desert" of GM soya, without speaking of Paraguay and Brazil, while the African palm has replaced a huge proportion of Indonesia's forests and is now being used to attack the Afro-descendant communities in Colombia. India is planning more than a million hectares of jatropha (which means expulsing about as many peasants). And Nigeria talks about industrial farming to counter struggles over oil and land in the Niger delta.

The Crisis will put more power in the hands of the World Bank and IMF to open up the economies of the Third World to even more projects like these, while simultaneously (re)introducing the austerity programs that gutted already inadequate education, health, and social services. For example, carbon trading will allow the North to continue to pollute while financing dams and other "big" developments in the South. Through the IMF, SAPs, and "development," the "global south" will be made available to complement if not replace the Chinese workers that have been demanding higher wages. You have to hand it to those capitalists. They try to make a buck out of anything—even the end of the world!

3B. Working Class Response to the Crisis

One of mysteries of this Crisis has been the delayed and sporadic response by workers to its serious implications in the US. Few actions have taken the financial and economic Crisis directly as its point of opposition in the US (e.g., there has been no large demonstration in Washington, DC, protesting the consequences of the crisis). We can point to the factory occupation of the Republic Window and Door plant by workers who demanded and got severance by bringing in the fact that Bank of America had been the banker of their employer and had not given a loan that would have kept the factory in business. There have been actions against foreclosures and the organized squatting efforts in a wide variety of areas: Boston City Life has had blockades of bank evictions; IAF in LA set up a group to deal with banks collectively; in the Miami area "Take Back the Land" is seizing foreclosed or abandoned suburban homes for displaced families to live in; ACORN has been active in the San Francisco Bay and other areas in organizing resistance to foreclosures. Nonetheless, there is a disconnect between the number of these actions and the profundity of the crisis.

Undoubtedly Obama's election campaign absorbed enormous political energy and directed it away from the street and into the electoral path. He clearly appealed to a vast area of what he calls "the middle class" by offering a non-revolutionary exodus from the Crisis. His candidacy provided a stroke of short-term luck for the system and will undoubtedly buy valuable time in the near future,

but the threat of what will follow his failure to start the accumulation machine after audaciously evoking hope for a revived capitalism without enormous working class sacrifices still remains.

Around the world, however, we see a tremendous surge of working class action in the last year under the rubric of protesting the food and energy price hikes that were part of the speculative financial mechanisms leading to the Crisis.

We see in China the beginning of one of the most decisive moments of the Crisis: Will the Chinese working class abandon the cities once capital commands it and return to a privatized countryside?

People in Europe have responded particularly strongly and quickly to the crisis, especially in its Southern peripheries (Italy, Spain, and Greece) and Northern peripheries (Ireland, Iceland, Latvia).

In Italy repeated waves of strikes, tending towards general strikes, have mobilized literally millions of workers throughout the country.

In Spain, a country where the speculative housing and construction boom is rapidly unraveling and causing great social dislocation, there was a major day of protest throughout the country on November 15th in response to the G20 meeting, which took place in Washington with the aim of shoring up the international financial system. Bank workers have also staged an occupation of the main branch of the BBVA Bank. And, within days of Lehman Brothers going under, "Robin-Bank" announced that he had stolen close to half a million euros from 38 Spanish Banks in order to give the money to emancipatory social movements.

In Greece, mass riots and protests were triggered by the police murder of Alexis Grigoropoulos, but also coincided with a strike that had been called previously by two major unions. It has turned into a many-day major social uprising, in a country where youth unemployment is as high as 70% in some places, even prior to the effects of the world economic crisis being felt.

Importantly, in all three of these countries, a common slogan has emerged in a very short space of time: "We will not pay for your crisis." As a flyer from the Greek struggle announces: "Nothing will ever be the same." It expresses a level of revolt against the conditions of degradation, exploitation, and exclusion that the Crisis will undoubtedly intensify in Greece and beyond.

Iceland, Ireland, France, Latvia, Bulgaria, and a number of other European countries have been the site of mass demonstrations, uprisings, collapse of governments, and a revival of anti-capitalist movements that had been dormant for decades.

4. The Constitution of the Commons in the Crisis: Eating From A Dish with One Spoon

Struggles circulate, and open struggles against the consequences of the crisis will soon explode in the US. What apparently began as a financial crisis that turned into an economic one is soon to be called a "political crisis." The abject destruction that capitalists have created with their "management" of the two great commons of labor and the planet's eco-system will stop being considered a "tragedy of the common" (where no one in particular is responsible) and come to de-legitimate the capitalist class as a whole. These crises have been predicated on the presumption that labor and the planetary eco-system are common resources to be used and abused for the profit of anyone who has (or successfully pretends to have) the capital to appropriate them.

The capitalist class is unable to control the common pool of resources that make up our means of production and subsistence without creating terminal damage. Who can do better? Though many workers in the US might not rise to the challenge today and continue to look to their bosses for salvation, we still should say what the logic of the struggles indicates should be done. Let us be guided by the words of Thomas Paine in *Common Sense*, who in a previous period of revolutionary crisis noted that most everybody favored independence in the days before the Declaration of Independence was promulgated. The only issue was the timing: "We must find the right time," they said. Paine answered, "The time has found us!"

The Crisis has shown for all who have eyes to see that State and Market have certainly failed in their claim to provide a secure reproduction of our lives. Capitalists have conclusively shown (once more) that they cannot be trusted to provide the minimal means of security even in capital's heartland. But they hold hostage the wealth generations have produced. This pool of labor past and present is our common. We need to liberate, to re-appropriate that wealth—bringing together all those who were expropriated from it, starting with the people of the First American Nations and the descendants of the slaves, who are still waiting for their "forty acres and a mule" or its equivalent. We also need to construct collective forms of life and social cooperation, beyond the market and the profit system, both in the area of production and reproduction. And we need to regain the sense of the wholeness of our lives, the wholeness of what we do, so that we stop living in the state of systematic irresponsibility towards the consequences of our actions that capitalism fosters: throw away tons of garbage and then don't think twice, even if you suspect that it will end in some people's food, as smoke in somebody else's lungs, or as carbon dioxide in everyone's atmosphere.

This is the constitutional perspective we can bring to every struggle. By "constitutional" we do not mean a document describing the design for a state, but a constitution of a commons, i.e., the rules we use to decide how we share our common resources. As the indigenous Americans put it, in order to collectively eat from a dish with one spoon, we must decide on who gets the spoon and when. This is so with every commons, for a commons without a consciously constituted community is unthinkable.

This means we have to craft a set of objectives that articulate a vision in any context of class struggle, turning the tables on capital at every turn. First, we need to establish what violates our rules as we are constituting the commons. What follows is a sample of such immediate taboos. We cannot live in a country:

* where 37 million people are hungry;
* where the cost of surgery kicks you out of your home;
* where going to school rots your mind and leaves you in debt peonage;
* where you freeze in the winter because you cannot pay the heating bill;
* where you return to work in your 70s because you have been cheated out of your pension;
* and where work that produces murder and murders its workers is sold as a path to "full employment."

These are very elementary taboos, but they have to be loudly pronounced. Though the system has shown itself to be bankrupt, many still listen to its siren songs.

The time has come for us in the anti-capitalist movement to propose a constitution of rules by which to share the commons of past labor and present natural resources and then concentrate on building political networks capable of realizing it. At revolutionary junctures

in US history (like the Civil War, the Great Depression, the Civil Rights/Black Power Movement), a basic constitutional change within the working class is manifested in action (the years-long "general strike" of slaves in the South during the Civil War, the innumerable factory clashes, the "sit-ins," as well as many "hot" summer insurrections in city after city, respectively) and is "captured" by a law or even "a constitutional amendment" (like the 13th and 14th Amendments, the Wagner Act, the Voting Rights Act, respectively).

But US history is not alone in connecting crisis, revolutionary transition, and constitution. There has recently been a whirlwind of constitutional politics throughout the Americas south of the Rio Bravo in the last two decades. From the Zapatistas' call for a new Mexican constitution, to the many constitutional transformations in Venezuela, to the most recent Bolivian constitution that formally recognizes the commons, there has been a formal statement of *potencia* (or "power to") instead of *poder* (or "power over"). It is exactly this spirit that the Zapatistas, in *The Sixth Declaration of the Lacandon Jungle* (2005), have called for: "We are also going to go about raising a struggle in order to demand that we make a new Constitution, new laws which take into account the demands of the Mexican people, which are: housing, land, work, food, health, education, information, culture, independence, democracy, justice, liberty and peace. A new Constitution which recognizes the rights and liberties of the people, and which defends the weak in the face of the powerful."

We should formulate demands, objectives, programs of struggle around the main elements of our lives—housing, work, income—all in view of guaranteeing our livelihoods, building cooperation and solidarity, and creating alternatives to life in capitalism. We need to build a movement that puts on its agenda its own reproduction. We have to ensure that we not only confront capital at the time of the demonstration or the picket line, but that we confront it collectively at every moment of our lives. What is happening internationally proves that only when you have these forms of collective reproduction, when you have communities that reproduce themselves collectively, can struggles come into being that move in a very radical way against the established order.

This is our constitutional politics. It is not a list of demands or grievances, but an expression of who we are becoming, i.e., our constituting our being.

For instance: Let's guarantee housing to each other. This means not only "No" to evictions, but the reoccupation of houses that have been abandoned, the distribution or occupation of the empty housing stock that lies all around us; the collectively decided self-reduction of rent of the kind that was carried out in Italy in the 1970s; the creation of new housing that would be organized collectively and built ecologically. Short of that we should build our version of "hobo jungles" on the steps of the White House, open soup kitchens there, show the world our empty pockets, our wounds, instead of agonizing in private.

For instance: Let our struggle over housing be a struggle for the reorganization of work reproductive of daily life on a collective basis. Enough of spending time in our solitary cages with trips to the mall as the climax of our sociality. It is time for us to join with those who are reviving our tradition of collective, cooperative living. This "year-zero" of reproduction that the capitalist crisis creates, as evinced by the mushrooming of tent cities from California to North Carolina, is a good time to start.

For instance: Let's struggle in such a way as to disable the mechanisms that perpetuate our exploitation and divisions. To ensure that our struggles are not used to divide people on the basis of differentially dished out rewards and punishments, we must continually raise the issue of reparations, i.e., the price paid and that continues to be paid for the racist, imperialist, sexist, ageist, chauvinist, ecologically destructive deals US workers have accepted.

For instance: Let's call for a life where our survival does not depend on constant war on the people of the earth and on our own youth. We must speak against war in Iraq and Afghanistan, and against the butchery in Palestine.

For instance: Let's speak against prisons, the politics of mass incarceration, and the obscenity of pumping employment and business profits by putting people in jail. We must call for the abolition of capital punishment...even for capitalists! And most importantly we need to redefine crime, exploding the logic that sees a horrendous crime when a proletarian robs a liquor store, but calls capitalists' crimes that lead to the death and destitution of thousands "accidents," "mistakes," or even "business as usual."

For instance: Let's also speak about male violence against women. What struggles for the constitution of the commons are we are going to make when every 15 seconds a man beats a woman in the US? How much energy would be liberated for the struggle, if women did not have to fight men, often even to be able to fight the system?

For instance: Let's revive our social imagination after decades of defensive reactions to neoliberal enclosures and determine new constitutions of the commons. Of course, what our imaginations can suggest now is limited and only a preparation for attaining another level of power and capacity to envision. But even with this poverty, we can hear snatches of a medley of "musics from possible futures." Listen to two musicians in our midst:

* "The future commons boils down to two elements: access to land (i.e., food and fuels); and access to knowledge (i.e., capacity to use and improve all means of production, material or immaterial). It's all about potatoes and computers."

* "The wage system should be dismantled immediately. Given the existence of the internet, of 21st century accounting methods, and of direct deposit, it would be possible to immediately move toward a guaranteed income, at first in monetary terms, with everyone having access to an "account" upon birth, and with a responsibility to a minimum of socially necessary labor time—including housework of all kinds, art work, writing, etc., and political activity (participation in assemblies, sitting on juries, or whatever). This would create an incentive for cooperative living in that everyone that can reduce their housework hours through cooperation can have more time available for other activities. This guaranteed income would replace the insurance, finance, welfare state agencies, and other sectors, freeing millions of people to participate in cooperative activities, reducing further everyone's socially necessary work time."

* "The only feasible way of doing agriculture on this planet is intensive, mixed-crop, organic production. This form of agriculture is hopelessly unprofitable under current conditions—so a new type of cooperation between consumers and producers (in fact the abolition of this distinction) must be found, transforming agricultural work into a part of housework for everybody."

* "The financial system should immediately be replaced by assemblies and community-based 'credit unions' that can decide where to put community resources, demystifying 'finance' as societal planning."

* "If the livelihood of people is guaranteed by subsistence and general services on all levels, free sharing of intellectual production is possible without endangering the survival of its producers. The planet can become a sphere of free exchange of knowledge, know-how, and ideas. Additionally to this intellectual commons, a material commons must be instituted to establish a just distribution of resources."

For instance:...

5. Characteristics of revolutionary struggles that move beyond capital

The struggles that have brought on the crisis, especially those in Latin America, from Mexico to Argentina, have laid down the foundational experiences of contemporary struggle for the "constitution of the commons." We believe that these experiences are important for the US anti-capitalist movements, and we have tried to identify some characteristics of these struggles (especially those of the Zapatistas and other groups arising from indigenous Americans).

One of the most important distinctions to make (but most difficult to draw) is that between those that are on the "inside" (what we sometimes call "social democratic") and those that are "autonomous" or "outside." In a way, this distinction is a variant of one between "reform" and "revolution" in the anti-capitalist politics of the first part of the 20th century when "reformist" social democratic parties were important institutions.

The "inside/outside" distinction, however, is not a spatial one, but one of political relation. "Inside" means demands on a (state/market) institution that is normally dedicated to reproducing the labor-capital relation, while "outside" means communal appropriation of de/non-commodified resources, perhaps in parallel with formal demands. Either can happen anywhere, just as commons can be maintained or created anywhere. The two aspects can be complementary or contradictory. For example, appropriation can be enhanced and/or undermined by demands made on an institution. Either can be means to build alliances and express needs beyond those making the demands. By analyzing inside/outside relationships and potentials in specific contexts, a movement can clarify its strategy.

The inside struggles are waged primarily within existing institutions and arenas, such as the state, corporations, the legal system, traditional civil society, or traditional cultural constructs, the goals of which are generally to increase working class income, commodity wealth, and power within the system, without directly challenging the capitalist organization of society or creating collective alternatives to the capitalist system. They typically take the form of demands on the system. However, they may at times be quite confrontational and push the bounds of capitalist legality and propriety. Such willingness to openly confront the system is very valuable, at least at this point in the US, since it has greater likelihood of transcending initial demands.

By contrast, "outside," autonomous struggles strive to create social spaces and relations that are as independent of and opposed to capitalist social relations as possible. They may directly confront or seek to take over and reorganize capitalist institutions (a factory, for example) or create new spaces outside those institutions (e.g., urban gardening or a housing cooperative) or access resources that should be common. They foster collective, non-commodified relations, processes, and products that function to some real degree outside of capitalist relations and give power to the working class in its efforts to create alternatives to capital. In the US many of these struggles appear as outside the formal economy. A number of MN friends have recently commented on these kinds of struggles. Massimo De Angelis writes in a definitional spirit in *The Beginning of History*:

> When we reflect on the myriad of community struggles taking place around the world for water, electricity, land, access to social wealth, life and dignity, one cannot but feel that the relational and productive practices giving life and shape to these struggles give rise to values and modes of doing and relating in social co-production (shortly, value practices). Not only that, but these value practices appear to be outside corresponding value practices and modes of doing and relating that belong to capital...The "outside" with respect to the capitalist mode of production is a problematic that we must confront with some urgency, if we want to push our debate on alternatives onto a plane that helps us to inform, decode, and intensify the web of connections of struggling practices (DeAngelis, 2007: 227).

Chris Carlsson has mapped some part of this terrain in the US in his *Nowtopia* where he writes:

> Community gardening, alternative fuels, and bicycling, on the other hand, all represent technological revolts that integrate a positive ecological vision with practical local behaviors...Taken together, this constellation of practices is an elaborate, decentralized, uncoordinated, collective research and development effort exploring a potentially post-capitalist, post-petroleum future (Carlsson, 2008: 45).

That is, the social democratic approach tries to use existing institutions to increase the power of the working class in its relation with capital, while the autonomous approach tries to move independent of existing institutions and to build a non-capitalist society.

This "outside"/"inside" distinction, however, is not easy to make. After all, just because you write on your banners in red and black that you are a Revolutionary Outsider, it doesn't follow that you are. "History" will have to judge, and often the answer is long in coming. Moreover, those who wish for a short answer should remember the warnings of our situationist friends who point out to us the difficulties in making this inside/outside distinction in a society that is dominated by the endless flow of images, metaphors, and dialectical hooks, where A is easily turned to not-A (and back again) in a flash, and the "outside" can easily be turned "inside out."

We believe, however, that working class struggles in the Americas are becoming increasingly autonomous, and this distinction between reformist and autonomous struggles is central to much of the political discussion that has been permeating Mexico, Venezuela, Bolivia, Brazil, Uruguay, Argentina, and Ecuador. It certainly has been central to the Zapatistas and the debate they initiated with their "Other Campaign" in 2005, when they offered a non-electoral alternative to the Obrador presidential campaign of the social democratic PRD (Partido Revolucionario Democratico). The "other Campaign" was an extended, cross-Mexico conversation between the Zapatistas and local activists in dozens of communities,

sharing experiences of struggle and asking how authentically democratic politics might be constructed. We are learning from this rich discussion and are trying to walk in the direction it has pointed.

First, we must note the inevitability of many "inside" struggles. Indeed, most struggles against the destructive consequences of the crisis at this time in much of the world at least start from the "inside." But such struggles may escape the bounds of being "inside." Our intent is that the characteristics we identify below can help determine whether social democratic struggles create, or are likely to create, conditions that foster real alternatives to capital. That is, whether they foster or lead to "autonomous" struggles, rather than confine struggles to the systems' limits, perpetuate or recompose divisions within the class, or turn those involved off to any possibility of future revolutionary struggles.

Autonomous struggles, however, are far from free of the need for careful scrutiny and thoughtful evaluation. What are the characteristics of anti-capitalist "autonomous" struggles? After all, autonomous struggles may be co-opted or isolated, they may not generalize, they may privilege some class sectors over others, etc.

History has "many cunning passages," and not only may social democratic struggles develop in increasingly autonomous directions, but autonomous struggles can support, inspire, and guide struggles that emerge in an inside context. Some people might be involved in both forms. And in the real world, many struggles are likely to blur this schematic categorization, perhaps in their initial action, but also in their evolution (for example, the Greek battles sparked by the murder of Alexis Grigoropoulos in Athens). The following are a series of characteristics of revolutionary struggles that we have gleaned from this anti-capitalist experience, especially from the struggle against genocide and mass murder in the service of capital that has turned the tide in the last decade from Oaxaca and Chiapas to Tierra del Fuego.

1. The struggles subvert class hierarchy—between working class and capitalist class, within the working class, and within nations and internationally; racially; between women and men; between immigrants and citizens; and between diverse cultures. Their demands lead to greater equality if won (and perhaps even if not won) because of how the battle is fought. The needs of those "on the bottom" (the poorest economically, least powerful socially or politically) are to be put first in an explicit way that builds unity and sustainability.

Social democratic demands continue generally for access to wealth: wages and income, work time, job security, pensions, health care, housing, food (which may mean land in many cases), and education. (Some of these comprise the indirect wage—which is more apt to be in some ways socialized, a form of commons, even if within capitalism). Do such struggles privilege the already relatively privileged/powerful, would "victory" lock into place greater inequalities? Similarly, do autonomous actions include or exclude the least powerful socially or economically?

2. The struggles increase class unity, bringing together different class sectors in positive, mutually strengthening relationships, overcoming divisions within the class. They go beyond single issues, connecting them, without diminishing the significance or value of those issues. This unity must become planetary. As another MN friend, Kolya Abramsky, writes in "Gathering Our Dignified Rage": Do these struggles "expand and deepen global networks... towards an accelerated process of building long-term autonomous and decentralized livelihoods based on collective relations of production, exchange and consumption that are based on dignified livelihoods?" (Abramsky, 2008). In an older terminology, these struggles increase the "political recomposition" of the working class, as defined by the editors of *Zerowork* in the mid-1970s: "the overthrow of capitalist divisions, the creation of new unities between different sectors of the class, and an expansion of the boundaries of what the 'working class' comes to include" (MN, 1992: 112).

3. The struggles build dignified inclusion in community. The walls of exclusion and apartheid come down in revolutionary struggles—including, in our time, the walls against immigrants, prisoners, gays and lesbians, and historically oppressed races and peoples. They respect the otherness *and* commonness of the other so as to be more aware of her/his needs, especially the less powerful at present. They aim to ensure that we all treated one another with dignity.

4. The struggles strengthen the commons and expand de-commodified relationships and spaces. The commons is a non-commodified space shared by the community. Social democratic versions include such things as health care, education, social security—however imperfectly realized. However, does the struggle also support bringing the bottom up, expanding inclusiveness and participatory control? On the other hand, are autonomous sectors able to avoid commodification (avoid being turned into business products or services for sale)? Even if they cannot do so completely, can they maintain a political stance and active behavior that pushes towards non-commodity forms? More generally, how can the working class on small or large scales create forms of exchange that are or tend toward being de-commodified? Create markets (forms of exchange) that do not rule lives and livelihoods? Reduce the reach of commodification and capitalist markets on people's life?

5. The struggles enhance local control and participatory control. "Local" is not a geographical term, it means that decisions are taken as close to those involved as possible; participatory means

that all those affected have a real voice in the decisions. This puts on the table the issues of who makes decisions and how.

Much of what we know as autonomous action is local and almost definitionally includes "local control" of some sort. Social democracy historically does not. Indeed, one of its hallmarks is the reliance on a large, bureaucratic, intrusive, and hard to influence state apparatus. This state was the target of a widespread working class attack in the 1960s, which, however, was turned against the working class and used by the right wing to promote neoliberalism. Can the working class make social democratic demands/struggles that include the demand and fight for local and/or participatory control? (There were aspects of this in some early war on poverty programs, but these were eliminated or co-opted once the US state saw danger in its "miscalculation" on this.) More generally, do "inside" struggles help support "outside" struggles?

Are there ways to move social democratic struggles towards more autonomous action? Example: battles for government support of urban gardening may also push for control through local, participatory democratic bodies, rather than city or state government. Factory struggles may begin as "inside," but the participants may come to organize themselves in assemblies, etc., take over and control production cooperatively, and then set up cooperative support across factories and other sectors (as happened in Argentina after its economic collapse). Indeed, many union struggles (the quintessential "inside" struggle) reached a turning point that transformed them into outside struggles as an examination of "general strikes" will show. However, even in autonomous developments, participatory control is not guaranteed, either at the level of writing the rules or in ongoing practice. So in the various areas of reproduction (health care, food, education, housing) and production, what would participatory democratic control look like, and how can it be fought for in ways that win in the specific area and decrease divisions in the class?

6. The struggles lead toward more time outside of capitalist control. In particular, this means a shorter work-week for the waged and unwaged. It means recognizing "women's work" as productive, creating income for those doing this work as well as expanding who does it. How can we ensure that a shorter waged-work-week does not further empower men relative to women? Or some class sectors over other class sectors? That is, how can victories in the realm of time be egalitarian?

7. The struggles reduce the staggering wastefulness and destructiveness of capital, of lives, time, material wealth, health, and environment (air, land and water), but these reductions happen in ways that do not penalize other workers. Example: in the US there is huge waste (as well as profiteering) in the medical insurance bureaucracy. Single payer proposals could eliminate lots of that—but also throw many people out of their jobs, intensifying inequality. What will have to be done so these folks are not economically destroyed? Of course, from a working class perspective, things like the military and weapons production are destructive to the point of insanity, so should be eliminated. Reducing waste of some sorts may benefit some while not benefiting others (for example, if it leads to reduction of waged work time, it may not help mothers with kids)—so inclusion must be considered when "capitalist wastefulness" is addressed.

8. The struggles protect and restore ecological health. Struggles facilitate a healthier, more holistic approach to the planet. For example, battles to save jobs in industries that foster ecological disaster need to be addressed; there are now and will be such battles.

Land, air, and water are of crucial importance. Agribusiness, global commodification, bioengineering, and war lead to pollution, erosion, dams, flooding, deforestation, global warming, diminishing diversity, and the death of land and oceanic ecosystems. In replacing agribusiness as the mode of food production, closer human relations to food production are to be fostered.

9. The struggles bring justice. Too often, exploiters and oppressors have acted with impunity. Thus the real criminals must be brought to justice for healing to occur. Revolutionary justice is bottom up, and new forms of enacting justice should be consistent with the other revolutionary characteristics, e.g., "No" to capital punishment even for capitalists.

Beyond capital. We have located these characteristics of revolutionary struggles from our knowledge of histories of struggles (especially in the Americas) and our own experiences. We do not claim they are definitive, but we do see them as interlinked. Our hope is that this necessarily incomplete list of characteristics of revolutionary struggles (since revolutions in their nature will create unforeseen realities and characteristics) can be remembered to protect our struggles from not being turned back against us, as has too often happened in the past, and can help create a world beyond capital.

Conclusion: Crisis—War—Revolution

Revolutionary struggles of the character we described above are undoubtedly being unleashed in the Crisis. However, there is a terrifying mediator between crisis and revolution—*War*—giving a somber edge to our joy.

It would be a pleasant denouement if capitalism simply stops existing after a long slow process of dissipation and another friendlier mode of production and subsistence takes its place without anyone noticing. Perhaps for a long time what we call capitalism might be replaced without the name of the prevailing mode being changed. After all, there is no logical necessity for huge, terrifying creatures to always have huge, terrifying endings. Might we not wake up one morning, long after a constant threatening drone has stopped, and say to our mates, "The drone has stopped," then go out to meet a new day? Couldn't our capitalist rulers depart as quietly as the Communist bureaucrats of the GDR in 1989?

This kind of ending is possible, but not probable. The system has many indices and self-sensors (e.g., the revenues derived as profits, interest, rent) with immediate consequences and alarms for its rulers. A fall in any of these revenues alerts its recipients that something is dramatically wrong, and they will demand action from the state to return their profits, interest, or rents to an "acceptable" level. Given the often unspoken but widely shared recognition that a such fall in these revenues is rooted in a reduced availability of surplus labor and the increased cost of non-human means of production (due to the ecological struggles), the hypothesis is that this reduction in the rate of profit needs to be "corrected" by increasing exploitation of workers and reducing the costs of production (especially of raw materials) by shifting the cost of ecological regeneration onto the working class.

The previous history of crises indicates that the preferred path to increasing exploitation and reducing costs directly passes through war, violence, and repression to terrorize workers and separate indigenous and agricultural people from their attachment to their land and its wealth. Certainly the possibility of an irenic capitalism was negated in the early 1990s with the initiation of the "fourth world war" (against people and states that refused the neoliberal New Enclosures) immediately after the end of the "third world war" (against communist states).

In this crisis too there will be conflicts in a still-to-be-envisioned "fifth world war" that will not just involve repetitions of neoliberal wars intended to discipline a recalcitrant subordinate state into "playing by the neoliberal rules" of world trade (like the invasion and occupation of Iraq). That is why we began and now will end this tract on crisis and revolution with the fatal bullet that pierced Alexis Grigoropoulos' youthful body. It eternally reminds us that capitalism in the final analysis is a cold, violent, and murderous system. Thus, the most important step in planetary "harm reduction," while we traverse the trajectory from crisis to revolution, is to disarm the state and capital as much and as soon as possible.

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Workers Creating Hope:

Factory Occupations and Self-Management

by Shawn Hattingh

Introduction

In most countries, political leaders and bosses are using the global economic crisis to once again unleash an attack on workers and the poor. As part of this, we have seen corporations around the world trying to make workers pay for the crisis by retrenching tens of millions of people. In the most extreme cases, workers arrive at their companies in the morning and are told they no longer have a job. With all these retrenchments, corporations are not just taking away jobs but they are also attacking people's dignity. They are literally throwing people into a very uncertain world where it is getting harder and harder to even get the basics of life such as food and shelter. Of course, the corporate elite are not worried if people starve or live in misery, what they care about is their profit margins and bottom lines. Through retrenchments, therefore, the elite are waging a war on workers and the poor in the name of corporate survival and profit prospects. Fortunately, workers around the world have started resisting. Strikes against retrenchments have occurred from France to China and from Greece to South Korea. In some cases, workers have even kidnapped their bosses and occupied factories and offices to stop being made 'redundant.'[1] It is through this type of direct action that the workers involved are winning concessions from the elite. Indeed, workplace occupations seem to be one of the most effective ways for people to win their demands and reclaim their dignity back from the elite.

Worker Occupations Are Spreading

A few years ago, it would have seemed crazy to even suggest that workers across the world would be starting to once again occupy their factories to stop closures and retrenchments. The only place this seemed to happen up

until recently was in Argentina. With the crisis in Argentina in 2001 hundreds of workplace occupations occurred. In the end, over 200 factories were recovered by workers and in many cases they became democratically run by the workers themselves.[2] Nonetheless, few even imagined that factory occupations and self-management would become a possibility in many other countries. Certainly, in every country around the world retrenchments have been rife over the last 20 years, but staging direct action to stop this through occupations did not look like a realistic option. For example, in South Africa hundreds of factories have closed since the 1990s, but trade union leaders did not even consider occupations as a viable strategy to combat this. Within the last several months, however, factory occupations have occurred in at least a dozen other countries besides Argentina. Once again direct action and even talk of worker self-management are back on the agenda of many workers.

Even in Britain and Northern Ireland, where Thatcher's brutal attack on the coal miners in 1984 left lasting scares amongst workers and the poor, workplace occupations have occurred. When the car parts manufacturer Visteon informed workers that the company would be shutting its doors, the workers decided to occupy the company's plants. They were furious as they had only been given 6 minutes notice and a severance package that was paltry. For over a month, the workers occupied Visteon's buildings despite the threat of arrest.[3] In the end, even though they could not save their jobs, they won a severance package that was worth ten times the original offer. In the process, the Visteon workers regained the dignity that the management tried to strip them of. Similarly, when workers at Prisme Packaging in Dundee were told that the company was shutting its doors, they staged a 51-day sit-in. They had decided that they were not willing to lose their jobs and said that they wanted to re-open Prisme as a co-operative under self-management. For them, victory came when they managed to secure funding for their co-operative venture.[4]

Similar stories of workplace occupations have also occurred in the Republic of Ireland. Earlier this year, workers at the Waterford Crystal factory were informed by the companies liquidators -- Deloitte and Touch -- that they no longer had jobs and that they would not even receive severance pay. The

workers decided to defend their livelihoods by staging an occupation. In response Deloitte and Touch sent in a private security force to threaten and intimidate the workers. Eventually, however, 10 million Euros was made available for a severance fund and negotiations are now underway for some of the workers to keep their jobs.[5]

Factory and workplace occupations have also been taking place in several countries on continental Europe. When the current crisis first struck, in late 2007, 300 workers at Frape Behr in Spain occupied their workplace to stop retrenchments. As part of this, community activists and supporters surrounded the building and protested in solidarity with the workers inside.[6] At the same time as this was occurring, workers in Serbia were occupying their factory, Shinvoz, to prevent it being privatized.[7] In France, workers under the threat of retrenchments have also charged into the offices of their bosses and held them until their demands have been met. For example, at FM Logistics 125 workers invaded a managers meeting and held the bosses hostage. The reason the workers did this was because the company had formulated a plan to retrench over 470 workers due to the current economic crisis. After only one day of 'captivity,' the managers of FM Logistics agreed to re-examine their retrenchment plans. Similar 'bossnappings' have also occurred at the French holdings of Sony, 3M, and Cattepillar. The majority of the French public have supported these 'bossnappings.' This support has meant that the French state has not been able to move against the workers involved.[8]

Over the last few months, factory occupations have also been taking place in Turkey. Workers in Turkey have been hit extremely hard by the crisis with over 500,000 people losing their jobs since September 2008. In order to stem this, workers in a number of factories -- such as MEHA textiles and Sinter Metal -- embarked on workplace occupations. The Turkish state, however, has reacted harshly and used security forces to drive the workers out. Nonetheless, the workers then camped outside of the factories and their resistance has continued. Recently, the workers at Sinter held a celebration to mark their 100th day of resistance.[9]

North America has also seen a string of workplace occupations. Due to the

collapse of the auto industry in Canada, workers have occupied 4 different plants because they had been refused any compensation. Reportedly, the workers were occupying the plants in order to prevent machinery being removed by the liquidators. In fact, they were using this tactic in order to force the bosses and the liquidators to the negotiating table. Likewise, in the United States, there have also been a number of occupations. The most well know was the Republic Windows and Doors occupation. The occupation occurred because the workers at the plant were given just 3 days notice that it was to be shut. To add insult to injury, it turned out that Republic was closing because the Bank of America -- which had received billions of dollars of public money in bailouts -- refused to extend the company's credit. Again the occupiers received massive public support. Subsequently, the workers won severance pay and the company has opened under new ownership -- meaning some jobs, but certainly not all -- have been saved.[10]

With the current global economic crisis, Argentina has once again been taking the lead in occupations and turning occupied factors into worker self-managed institutions. Under the threat of downsizing and pay cuts, 10 factories have been occupied in Argentina since 2008. The workers have taken this action to stop the owners from declaring bankruptcy. Indeed, it has been a strategy of the Argentine business elite to use crises to declare insolvency, then fraudulently liquate assets and suddenly open the business under a new name a few months later. A number of the newly occupied factories have also received major support from the older self-managed factories.[11] Already, workers at least one of the 10 occupied factories -- Arrufat Chocolate -- have elected to take over the factory permanently and operate it on a democratic basis. They have already gone into production using generators and are turning Arrufat into a viable worker self-managed operation.[12]

Conclusion

The current economic crisis has seen corporations unleash a series of attacks on workers. This has included retrenchments, wage freezes, and in some cases closers. In many parts of the world, workers have responded with

their own actions. These have included workplace occupations and even in some instances complete factory takeovers with the aim of embarking on self-management. As such, these workers are finding their own solutions to the crisis. The actions of these workers are inspirational. It seems likely that more and more workers will begin adopting and adapting the idea of factory occupations as a viable way to save jobs and reclaim the dignity that bosses have tried to take away from them. Perhaps what we are also seeing through the occupations, takeovers, and self-management is a glimpse of what a post-capitalist world, created by the workers and the poor themselves, would look like. Indeed, hopefully the factory occupations that we are beginning to see are an embryo of a different world -- a world where there are no bosses, where workers manage themselves, where the economy is democratically planned through worker and community assemblies, where there are no hierarchies, where the environment is not raped, and where the goal is to meet peoples' needs and not make profits.

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3 www.libcom.org/tags/visteon-occupation
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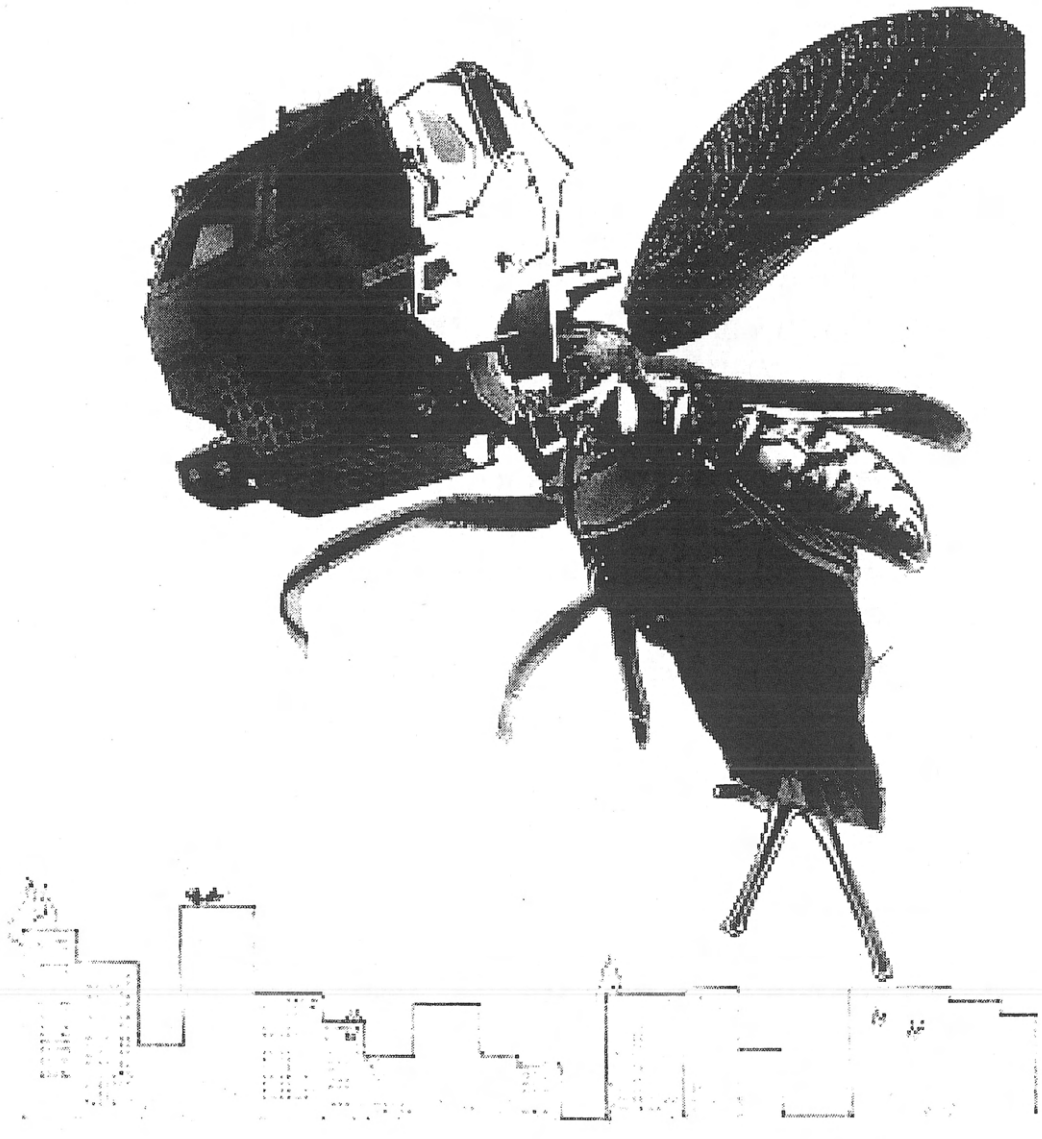

GOOD TIMES! BAD TIMES!!

An Introduction to the Capitalist Crisis and what it means for us

Background to the Current Crisis and Recession / Reports on Crisis: England / What Recession Means for Us / Financialisation Primer / Analysis from Silvia Federici & George Caffentzis, Mario Tronti and Alain Badiou Our Introduction

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BLOODY HELL IT'S OVER!

The bubble has finally burst! The illusion of an endless expansion of virtual money making more virtual money is over. In the U.K, we face a situation where from a financial investment point of view (i.e is there money to be made here still?) no-one now looks upon here as being a sound investment. From being one the finance capitals of the world, we have become a place where the currency is ever more worthless and the economy is an illusion of hyped-up value and profits. (A friend of ours suggests that we replace virtual money with "mythological' money"?). He's dead right, does this money even exist in any meaningful sense?

In the space of only a few months we have gone from a time of seeming prosperity for all to a new time of economic recession. Although the attacks by the capitalist class on workers had never stopped in this period, the next round of attempts to squeeze more money from the poor to pay for their crisis will definitely be vicious and, if we let it be, horribly divisive. Recession is a time when the capitalist class increases its attack on our living standards to try and clawback money for itself through wage cuts, benefit cuts, price rises, pension cuts etc. As one of the articles says: Capitalism is nothing but robbery!

If this increases social antagonism between them and us (and we hope it does), then all their new laws on public order, surveillance, anti-terrorism and control will be pitted against it. This isn't even mentioning the new toys of the police and the surveillance industry!

NEOLIBERALISM IS DEAD! LONG LIVE THE CLASS WAR!

Of course it's portrayed in the media as if we were all guilty of enjoying the wealth of the bubble but this was never the case. What has this globalised finance economy meant in reality? It's simple, the rich got richer and the poor got poorer, as if it was ever any different! This is true whether you're a service sector worker in a PFI hospital in Sheffield, a short-term contract web-designer in Milan,

a coffee grower in Mexico or a miner in the Ukraine (to varying standards of poverty!).

With this in mind, we find ourselves doing something that feels old-fashioned: talking about the class war. But we can't avoid it and nor do we want to. When we talk about the rich getting richer and the poor getting poorer, well that's the very foundation of class war there in a simple to understand nutshell.

So where is the class war and what is it doing? Simple, it's remembering itself and working out what the hell is going on? We face a time of new struggles for our basic survival as poor people. Yet these struggles must remain collective if we are to avoid the abyss of individualised survival strategies. This fight won't be put on any kind of platter for us - ideological or otherwise. In our collective struggles as workers there will be will be contradictions, confusion and messiness (as can be seen by the Jan/Feb '09 wildcat strikes in the UK).

So where do we stand? If it seems old-fashioned to talk of 'workers struggles', ask yourself where most of your time is probably spent? At work! Why? Because you have no choice. The point for workers is not defend work as we experience it under capitalism but to struggle for a society where work is well and truly abolished and we live and produce directly for ourselves. Along the way this means standing in genuine solidarity with all workers struggling against redundancy, wage cuts, lay-offs. Why? Because from this stems the more revolutionary questions. If workers occupy a workplace then the possibilities are there for dialogue, discussion and an opening up of the dispute to more radical action. In a sense any occupation (school, factory, college) presents a space like a social centre for interaction to create new social relationships between us all. Although we are 'workers' that is the least of what we are. In these struggles, we go forward as humans once more.

IT'S OVER! BUT WHAT COMES NEXT?

Capitalism lurches from crisis to crisis every decade or so, what is different and fascinating about this crisis is the global scale and depth of it. So what does come after neo-liberalism? That's a really good question. For some of us who are a bit older, it seems like a miracle that the neoliberalism has finally crumbled. As revolutionaries over the last 25 years we have witnessed the crushing of the life-

spirit of class struggles. It hasn't been an easy time moving from a time of continuous combat against the capitalist class (strikes, riots, refusals, bloody-mindedness) to something docile and barely political. It seemed like the neoliberal economic re-structuring of the world would never end despite its inherent contradictions. Now we stand at the point of rupture. It could move quickly to being an all out revolutionary situation or we could be at the edge of a feral dog-eat-dog abyss. It would not be unknown that the capitalist class moves us towards war and fascism to get itself out of its crisis.

It is with all of the above in mind that we thought it would be a good idea to put something out that's a basic introduction to Crisis – what it is and what it means for us. We do this to re-kindle a better understanding of capitalism. That understanding always seemed a bit wishy-washy in the late 90's 'anti-capitalist' movements In the U.K. It often seemed like capitalism was seen as some external or symbolic 'thing' elsewhere in the world and not the obvious experience at the heart of our daily lives. So in one sense we are trying to prepare for what is undoubtedly ahead by talking again about class, work, workers struggles and the class war. It's good times and bad times now! Things might actually go somewhere we want them to go! Or we might end up hungry, homeless, in jail or work camp or dead from the battle.

WE WON'T PAY FOR THEIR CRISIS

Here for your delight then is a quick selection of interesting articles about what has come to be called the 'credit crunch' but which must more accurately be called the 'capitalist crisis'.

We start the collection with four basic summaries of where the crisis comes from, what is meant by financialisation and what the crisis means for us. After that comes three more analytical and theoretical pieces that we liked. Caffentzis & Federici's text paints a clear global historical picture of debt as has been used to contain third world struggles and how debt has been used more recently in the US and UK to decrease wages but still pacify workers. Tronti situates his text where we situate this Introduction, with the notion that finally work and politics is 'the real theme behind the crisis of civilisation' and that if we don't put it in these terms, 'we

will not be able to orient ourselves in the open seas of world-capitalism' towards revolution (although we disagree with his conclusion of 'a mass party'!). Badiou's essay presents the finance economy as a kind of 'show' that many were entranced by. He then tries to elaborate a new political subjectivity that is bound by practical solidarity, a subjectivity that refuses the lie of democracy and electoral politics. This would be a subjectivity informed by the past but it will not take the forms of the past: mass parties, worker's councils etc. The past is with us now but it is not the future. The crisis gives us a chance once again to use the past as a tool to invent new forms of political organisation now.

Finally, it's worth pointing out two things: we aren't experts on capital, crisis and revolution. We are learning through reading and talking to people. These seven articles helped us understand things a lot better. Secondly, we know that the articles by Caffentzis/Federici, Tronti and Badiou are not entry level texts for they assume a level of familiarity of some terms. What they are though are concise, exciting (and beautiful) accounts of particular crisis themes (all with very good class analysis). If you don't understand parts of them, well learning takes time! Be patient!

So crisis again! Something is happening – things are movig fast!
See you on the picket line, on the barricades, in the occupation.
See you on the other side of all this.

Some anarchists and communists, London - February 2009

LINKS :

MIDNIGHT NOTES / CAFFENTZIS + FEDERICI : www.midnightnotes.org/
LIBCOM : www.libcom.org/
CRISIS : www.sites.google.com/site/radicalperspectivesonthecrisis/
WILDCAT : www.wildcat-www.de/en/eindex.htm
Some BADIOU TEXTS : www.lacan.com/frameabad.htm
Some TRONTI TEXTS : www.classagainstclass.com/

A Concise Background to the Current Financial Crisis and Recession

However it may seem, the current crisis didn't come out of nowhere. Following WWII, the government and employers were keen to appease a population weary from years of war and rationing. The NHS was founded in 1948, and the opportunity for a reconstruction boom created the possibility of 'productivity deals.' These were agreements between employers and the unions for workers to implement productivity improvements in return for a share of the profits in the form of higher wages.

This settlement lasted up until the late 1960s, when two factors converged to derail it. Firstly, there was a growing wave of industrial unrest with strikes and other forms of action rippling out around the world. Many of these took the form of wildcat action outside of union control. Workers were fed up with years of producing more and more while their lives were still reduced to work, as all that extra productivity hadn't led to shorter hours.

The second factor was the end of the post-war boom, which saw economic growth slow dramatically – making productivity deals unaffordable if profit levels were to be maintained. It also saw rising inflation eat away at the wage improvements over the last decade, adding fuel to the fire of workers' militancy. The struggles of this period were highly successful, with workers winning large concessions. However, this set the stage for a concerted counter-attack.

At the end of the 70s, Margaret Thatcher came to power in the UK on a mission to break the working class. Reagan soon followed in the US. Both of them isolated and took on workers sector by sector, doing deals with some unions while attacking others in a divide and rule strategy. The decisive defeats were the miners' strike of 1984/5 in the UK, and Reagan's attack on the air traffic controllers in the US in 1981. These are defeats from which we've yet to recover.

With workers broken, Thatcher and Reagan set about a series of reforms which set the scene for today's crisis. Firstly, old centres of workers' militancy (mining, manufacturing) were systematically dismantled and outsourced to low-wage economies overseas. Whereas in the UK in 1971 over 70% of people were employed in primary industries (like mining) or manufacturing, today over 70% of workers are in the service sector. Secondly, the banking sector was massively deregulated, allowing the creation of all sorts of complicated 'derivatives' markets, which ultimately resulted in the credit crunch as it proved impossible to know what all these pieces of paper were really worth.

An effect of breaking workers' militancy was of course to keep wages down, and we've all got used to sub-inflation pay rises every year (in other words pay cuts). While this boosts profits, the problem with this is that it keeps consumer spending - and thus economic growth - down, since you can't buy lots of things when you're skint. Unless of course you get a credit card. So this problem was 'solved' by extending massive consumer credit, based mostly on rising house prices, to provide the spending power to purchase all those commodities coming out of the new manufacturing centres in the Far East and elsewhere.

Parallel to this, without primary industries or manufacturing the economy came to rely more and more on the banking and financial sector, with the 'square mile' of the City of London alone accounting for around 5% of the UK's economy. This sector was also now heavily reliant on rising house prices, with complicated 'mortgage derivatives' being one of the major assets held by the big banks. Of course when the housing bubble burst, everything started to unravel. Household name banks teetered on the brink of collapse, as did the entire financial system. Credit dried up, and with it the economy swung into recession.

There is much talk comparing it to the collapse of 1929, except nobody knows how bad it's going to get, and this time it's global. Already there have been riots by workers laid off from thousands of factories in China, and food riots across the globe as food prices rise much faster than incomes. This then is the context for the coming 'claw back' attacks on our living standards that are set to try and make us pay for a crisis that was not of our making.

Written for the Tea Break bulletin in December 2008.

"The real crisis-effects are only just starting..."

Reports on Crisis : England

Wildcat

Wildcat asked people in several countries to write down observations about social effects of the crisis. The following is a report from London, written in November 2008 with an update at the end.

1. What are the social effects of the crisis in your region?

Electricity, gas, water supply and public transport prices in particular, along with land prices and rents, had been rising at much more than the official inflation rate for years before the same happened with basic foods earlier this year. Simplistic supply-shortage reasons, often in environmentalist or geopolitical language – peak oil/nasty Russians hoarding their gas – were given for the energy and food increases, but of course the user charges didn't fall back when the underlying commodity prices did. It's also important that these price rises, which affect the poor disproportionately, didn't appear officially as 'inflation' – and consequently didn't influence wage bargaining – for a long time, generally until the food/commodity price shock this year. This was partially because these things are excluded from 'core' inflation indices because of their 'volatility', and partially because within these indices they're offset by falling prices of less essential things like consumer electronics and telecoms services.

So ongoing social effects, such as people being pushed out of central London as the proportion of their wages spent on rent and utilities rises, have kept getting worse, but this was definitely already going on during the 'boom' phase. I suspect that the real crisis effects are only just starting, and will really begin to be noticed by workers in 'service' sectors like the one I work in (press cuttings agency)

over the next couple of years, in two or maybe three waves. The first part, which is already underway, will be mass redundancies, job-competition and downward pressure on wages/conditions in the 'services' that until now have fed off financial flows into the country which (Left-Communist writer) Loren Goldner proclaimed "the most decadent in the world". A very simple example: my employer's biggest clients were Lehman Brothers and Merrill Lynch. A lot of workers in entry-level clerical jobs like mine who imagine themselves as 'skilled professionals' are going to have to reconsider their position. Not that I'm laughing, given the proportion of part-timers' income in these jobs that essentially comes from piece-work. But the worst impact will probably be in jobs where wages, conditions and security have already been 'traded' down to a minimum against relatively easy availability of employment, so that there's nothing left to 'sacrifice' while staying above subsistence level: retail, table-waiting, removals, cleaning etc. It's also likely that the damage already done in these sectors has been obscured by statistics, given the amount of informal work and the immigration irregularities involved. The second wave will come a bit later when the 'emergency' public borrowing and spending is 'paid for' by the state and fiscal restrictions are reapplied. In official terms no 'new' spending has been authorized: the money is simply being spent earlier, to be made up for by cuts or taxation (highly unlikely unless through regressive taxes like Council – i.e. poll – Tax or VAT) within the next few years. This will hit the very same people who have already lost the ability to subsist adequately through wages and/or credit, as state benefits are cut and access to public services is reduced.

The possible third wave I referred to, which could come at any time, would occur if, as seems likely, the highly leveraged private contractors to which so many state services have been outsourced, suffer their own private funding crisis. This would be particularly dramatic in 'public' housing, where most of the state sector has been transferred to private 'social' landlords (see answer to question 2), who have to obtain credit commercially. Problems of this kind are just starting to emerge in France, where rent-controlled landlords bought 'interest rate swaps' from the protection rackets of Calyon, Natixis, etc. It's not just housing, though: almost all of public transport and much of the medical system, the benefit system (including 'workfare' enforcement), education, sundry municipal infrastructure (even parts of the military!), is run through the same 'Private Finance Initiative' scheme, whereby the state indebts itself for decades (thus keeping immediate 'spending' off the

books) to a private service provider, which obviously has to arrange and rearrange its own credit. In all these areas, tougher credit and commercial conditions for the private contractors will mean cuts to 'public' services and higher user charges, once again disproportionately affecting those who can't afford to buy their own private alternatives.

2. Are people indebted? What is happening now?

A lot of what is happening to people now, or what they fear is starting to happen, in terms of indebtedness and insecurity looks like the inevitable outcome of the way consumption and individual upward social mobility have been maintained by credit expansion during deindustrialization and flat/falling real wages since the 1970s. Maybe that's a banal observation, but I'm thinking in particular of two things consistently pushed by UK state policy since 1979: the demographic shifts towards home 'ownership' and private pensions. Even leaving aside the more recent phenomena of mortgage securitization and borrowing against rising house prices to supplement wages, a bank-lending crisis would not mean impending homelessness and total dependence on maintaining existing 'career tracks' for so many wage-workers if the proportion of the population in state-owned rented housing had not fallen from something like 60 per cent to around 20 or 25 per cent, with the difference made up almost exclusively by mortgaged 'ownership', long before any importation of full-scale 'subprime' scams. Probably more so than other 'crisis' phenomena, this is clearly a matter of political policy, engineered since the Thatcher period through a subsidized 'right to buy' for state tenants, with municipal councils banned from using the proceeds to replace the public housing sold, along with a drastic reduction of entitlement to tenancies and, more recently, transfer of remaining state housing to private sector landlords, effectively threatening tenants with much worse conditions if they still won't exercise the 'right to buy'. The situation is similar with pensions, where the deregulated explosion in the range of 'investments' offered has been accompanied by the reduction of state provision to the barest subsistence level.

The present government also plans 'compulsory saving' (i.e. gambling) through forced transfer of a portion of wages to market-invested 'individual pension accounts'. It seems worthwhile, given recent debates about the degree of 'capitalist

agency' involved in 'crisis' phenomena, to emphasise these ways in which workers' individual interests have been bound to those of financial markets as a matter of long-term public policy.

3. Are there any debates about the increase of cost of living and crisis? What are your perceptions in regards to that? Do you observe common developments?

Hard to say in general terms. People I know well are hardly a representative sample: a few are attempting quite detailed analysis or criticism, while others tended to regard the long-running 'credit crunch' story as just another ideological/media sideshow, or in any case something mainly affecting 'owners' of things like houses and credit cards. The idea that falling house prices are a terrible thing met with an unsurprising lack of sympathy among those constantly struggling to stay in inner London in a context of rising rents, gentrification, public housing bureaucracy, crumbling squats etc. More widely there seems to be some nostalgia for social-democratic 'common sense' (although this has been an ongoing theme since I grew up in the Thatcher / Reagan period), and some vilification of 'a few greedy bankers and hedge fund managers'. One of the most depressing things, although it's also nothing new, is the widespread assumption – and not just among the middle class – that proletarian status without the redeeming prospect of personal upward career mobility is essentially something shameful and/or disastrous. This premise is shared both by 'left-leaning' social democrats, community activists etc., who lament that the 'socially excluded' and 'training'-deprived are denied the opportunity to 'better themselves', and by outright reactionaries (mostly young and 'aspirational' themselves, it seems), who blame 'failure' – i.e. lack of individual upward mobility – on the laziness, lack of 'initiative' or stupidity of those concerned. Another ugly development was the attempt by a government spokesman to use the crisis as a pretext to propose even tighter restriction of non-EU immigration, despite evidence of a mass outflow of those migrants whose numbers have actually risen in recent years, i.e. those from inside the EU. It remains to be seen whether this kind of idea will pick up much popular support outside the minority who object to immigration for national/cultural/racial reasons rather than because they misconstrue the causes of real pressure on wages, jobs and state services.

4. Are there actually already struggles happening on this front?

Very little so far in the way of struggle against specifically new developments. This may not be surprising at this stage, with the wave of redundancies only just beginning - 25 percent of bosses surveyed by the FT said they were planning to lay workers off within the next year, far fewer had already done so. A lot of the job losses (or just reduction in intake) so far seem to have been in casual, sometimes informal, 'service' work, where chances of collective struggle are very low, and the lay-offs themselves may not even be reported. There's been some indication of a lot of casual workers returning to the new EU states, however short-lived any labour shortage there may be.

It remains to be seen what will happen when the cuts and redundancies really get going, and the prospect of individual solutions starts to evaporate. Some workers may be more willing to act when the concrete effects of what are still presented as quite abstract financial events are unmistakable, but of course it may also be that the threat of redundancy is used successfully to force through pay cuts. Yesterday's 'Financial Times' has a panel of bosses and academics discussing the best way to combine these enticing options. The question of below-inflation wage increases was raised earlier on, before the 'inflationary' stage of the crisis had really even struck, when Gordon Brown demanded that public sector wage increases be kept below inflation (then fraudulently – see above – calculated at something like 2 per cent) as an anti-inflationary precaution. A series of feeble and unsuccessful symbolic strikes ensued. In one of the only exceptional cases, where non-teaching workers in the education system had insisted on an inflation link rather than a higher percentage offer, the state employer was held to the deal when inflation rose above the percentage offered earlier, but vowed that so such link would be agreed to ever again. More serious strikes, eg in the postal service and public transport, have generally also regarded the restructuring and attacks on conditions that never stopped throughout the boom and crisis periods. Some of the transport strikes were successful in these terms, but in the post office a compromise by the employer on the wage claim was used to push through most of the (EU-mandated) restructuring. I don't think the lack of overt struggle so far is necessarily just a matter of ignorance or even automatic-reflex individualism, although these things are also no doubt involved. Outside the Trotskyist parties, who probably imagine the crisis to be a great recruiting opportunity, it could be that a lot of people feel in some vague and belated way that it's difficult to struggle retrospectively now against the decades

of local and global restructuring that have led to the present situation. This may be especially true of social-democrats (like my parents and those of other people I know) who think we might still have a nice healthy, 'humane' capitalism if it hadn't been for thirty years of Western deindustrialization and financialization. (Of course others who vote for the same parties would just like to see pay cuts for bankers and better 'expert' regulation of markets, but I already acknowledged the role of ignorance above.)

One final thing worth mentioning is that groups doing a kind of politicized self help work, often but not always from a class-struggle-anarchist background such, as the London Coalition Against Poverty (intervening in the benefits and housing systems), Hackney Independent/Independent Working Class Association, the older Solidarity Networks, Advisory Service for Squatters and various community/housing/anti-gentrification groups, seem aware that, although their action predates the crisis, they will increasingly be responding to crisis-related conditions. The Hackney Solidarity network has called a wider meeting to discuss what to do about this. It will be important to see whether they are able to overcome what can sometimes be a limiting contradiction in this kind of community-based working-class activism, i.e. that the focus on the local community (sometimes with the implication: settled local community) can be so intense as to tend to exclude those who, precisely by virtue of the conditions in work, housing and migration over the recent years, are unable to 'settle' into any 'community' throughout their lives.

Afterword (9/1/09)

There hasn't been much sign of more assertive class struggle since the answers above were written, although that may not be so strange given that already at the time it was mostly a matter of long-term tendencies starting to show their ugly face. The most dramatic developments have been unhappy (unless you buy the idea that immiseration automatically = antagonism) and unsurprising. As has been widely reported in mainstream media, the wave of business insolvencies and pre-emptive redundancies has spread from banking into retail chains and what was left of manufacturing (such 'National Champions' as Royally-approved makers of decorated porcelain crockery). Most media coverage and government spin continues to

attribute these business failures and job losses in a disingenuously direct way to consumers' alleged sudden unwillingness to spend: reference to the leveraged leverage through which even small businesses are 'owned' and which can no longer be 'rolled over', and to supply chain breakdowns (eg. the bankruptcy of the Woolworths chain bringing down ex-Virgin retailer Zavvi because Woolworths was its main wholesale supplier) are restricted to the financial pages, and 'credit crunch' debate is almost all framed in terms of lending to consumers and mortgagees. It's hard to get a general idea of how widely this skewed focus is accepted. One micro-example: the small (a few hundred workers), private equity-owned press cuttings agency where I work stages occasional 'employee forums', announcing business results and taking pre-submitted questions; my question about the chances of refinancing debt incurred in the recent private equity buyout was refused on grounds of private equity privacy, then the forum was cancelled. Meanwhile there's quite a bit of concern expressed among workers about the chances of the business surviving, but almost always in terms of how much work is coming in from clients, rather than vulnerability to financial events elsewhere. One thing that does seem clear though is that the job losses have barely started, so the media emphasis on passing phenomena like Christmas sales is misleading. Of course statistics from ratings agencies are not the point, but it's still worth noticing that in November 2008 Standard & Poor's calculated the 'speculative grade' corporate debt default rate for Europe at 3 per cent, but the forecast for all of 2009 and 2010 is 8.7-11 per cent.

Perhaps the most depressing news in terms of implications for class struggle has been that of large bodies of industrial workers volunteering (through unions of course) for substantial wage cuts in desperate bids to save their jobs. This happened late last year at JCB, then the company laid hundreds of workers off anyway; the GMB union still tried to claim it as a victory on the grounds that more workers would have been sacked otherwise. Shortly afterwards (December) the Financial Times reported that GMB workers at steel maker Corus (Tata group) had offered to take a 10 per cent wage cut to keep their jobs; the union denied this at first, then it went through on a plant-by-plant basis. Meanwhile Tata is asking for a state subsidy to 'save jobs' at Jaguar-Land Rover, the Midlands car maker it recently bought at a premium as a 'trophy asset'. Reports this week of business complaints about the cost per worker of imposing outright redundancy suggest that more moves to sidestep the problem by cutting wages and/or hours could be on the

way, although this hasn't happened yet on the same scale as in some other countries. Nissan had already been cutting shifts back at its 'most efficient in Europe' etc Sunderland plant, which had moved onto round-the-clock work in Janauary 2008 and was still running on that basis in June; just yesterday though it announced 1,200 redundancies: 400 temp and 800 'permanent' workers. There have also been some signs of use of crisis conditions as a pretext to attack recalcitrant groups of workers: thus Peter Mandelson, an unpopular member of Blair's inner circle, was brought back from Brussels as a sort of crisis-toubleshooter, upon which he immediately decreed the part-privatization of the strike-prone Royal Mail, something which has been a policy goal for years but had until now been impossible to push through. The 'return to Keynes' (Man of the Year in Rupert Murdoch's Times) continues to be proclaimed everywhere, in a way that's puzzling unless 'demand management' is to be understood so literally that desperate repumping of a lending and asset price bubble counts: base interest rates have been cut so far below inflation as to wipe out middle class pensioners' paltry income from savings accounts: the solution proposed tentatively by the government and loudly by the pensioners' Tory 'defenders' is to cut taxation of said savings, thereby adding to the 'necessity' for qualitative (i.e. public provision) austerity in a few years to pay for quantitative (i.e. helicopter money) 'stimuli' now.

As predicted above, what debt crisis means for private sector 'social' housing is starting to emerge. One private 'housing association', Ujima, has already collapsed, and the sector regulator is trying to get the more solvent landlords to lend to the weaker ones in order to bypass banks. In particular the 'strategy' of selling housing in order to fund 'affordable' rental provision is unravelling. An anonymous 'housing expert' is quoted in yesterday's FT to the effect that the government "will have to consider recapitalizing the biggest, weakest social landlords". (Yes, social, as opposed to 'antisocial', landlords. As head-spinning an oxymoron as I can imagine.) A little-noticed state move (legislated pre-crisis) to ensure the continued expulsion of the working class from urban centres where land prices might be expected to rise, notwithstanding a burst real estate bubble, is just getting underway now: housing benefit (i.e. state subsidy of inflated private rents) is to be paid based on average rents across large, mixed-income swathes of territory, rather than according to rents on particular properties, as was the case until now. So that even in a 'market downturn', claimants receiving a 'Housing Allowance' calculated based on the 'average'

across a wide area will be priced out of gentrifying enclaves where rents are above that average, whereas the previous system, with the benefit paid according to the particular rent, slowed the class purge somewhat even during the real estate 'boom'. More generally, the institutional expectation of long-term mass unemployment is probably most evident in the unprecedented punitive measures (FULL TIME supervised job-search; explicit comparisons to 'school detention' and to 'community service' sentences in the 'criminal justice' system) against dole and sickness benefit claimants announced in the 'Queen's speech', i.e. scheduled to be legislated into force some time within the next two or three years.

What recession means for us

An analysis of the likely impact of the coming recession on workers' lives and a rallying call for collective action to mitigate that impact.

The recession is here. We're told to tighten our belts and brace ourselves for redundancies, wage and service cuts. Politicians and business leaders are united in saying we should pay for a crisis not of our. A recession is simply when the economy shrinks for 6 months in a row. What this means for individual firms is a squeeze on profits, and we can be certain that unless we do anything about it, that's going to mean a squeeze on us, as our employers try to protect those profits.

Even public sector workers will feel the squeeze as the government tries to recover the billions already spent on bailing out the banking system, and to make 'efficiency savings' in the face of falling tax revenues. But wait, isn't Gordon Brown going to make the rich pay with higher taxes? You'd certainly think so from the press. The Times, on its front page no less, even pictured Brown waving the red flag of communism. Alas, reality is rather different.

The Financial Times reassured its affluent readership with a more honest take on matters. Of £104bn worth of clawbacks the government is expected to make, just £2bn is expected to come from taxing the rich. That's less than 2 percent of the total, and even that doesn't take into account that the rich will try and pass on their burden by increasing their incomes at the expense of our wages. It's also quietly forgotten that the top rate of income tax is still nearly 20 percent lower than under Margaret Thatcher's pro-rich government.

A further £18bn is planned to come from regressive taxes. These are taxes that affect you more the less you earn. No trouble for the rich here. The rest is scheduled to come from public service cuts and wildly optimistic forecasts for a rapid economic recovery – when the recession has only just officially started! [Jan

09] So behind the headlines the plan is clear; they want to make us pay for their crisis. So how is the recession going to affect us?

Redundancies

One way in which the cost of the crisis is passed onto us is through redundancies. Unemployment is predicted to increase to as much as 3m in the next couple of years. This means over a million people will lose their jobs. Already the news is full of layoffs, and it's set to get worse. Obviously redundancy hits those laid off in the pocket. This is especially the case if they're agency staff or haven't been in the job long, which means they don't get much, if any, redundancy pay. But redundancies also hit those 'lucky' enough to keep their jobs as they have to work harder to make up.

Unemployment

Not content with mass layoffs, just when the economy is proving incapable of keeping people in work, the government is planning to cut benefits bills by punishing unemployed people for not finding jobs! A recent report recommended that unemployed workers should be made to either look for work or do community service "from 9 to 5" in order to earn their £60 dole money. That works out at £1.50 an hour! A whole host of other attacks are planned, such as forcing single parents with children over the age of one and many people currently signed off sick to look for work or have their benefits stopped. Of course, the whole point of a recession is there's not many jobs to look for.

Wage cuts

Those of us who keep our jobs can't expect to escape the punishment. Wages will be attacked directly; workers at JCB factories recently voted to take a £50 a week pay cut to avoid redundancies. The company then made some more redundancies anyway. This kind of 'between rock and a hard place' offer is likely to become more common with workers nervous about losing their jobs; although the JCB example makes it clear that bosses can't be trusted. But wages can be cut in less visible ways too. If workers can be made to work harder and faster, or longer days or

through their breaks, we end up doing more work for the same pay. This will often be making up for the work of colleagues made redundant, saving the boss cash. Whenever your boss asks you to "give 110 percent for the team," this is what they have in mind. Of course we pay the price in stress and burnout, but at least we've got a job, right?

Public service cuts

A further £35bn of the government clawbacks are scheduled to come from public sector spending cuts. This will mean cuts to public services and further attacks on public sector workers pay and conditions. Front-line services are expected to be hit, so alongside the attacks on unemployment benefit, the health service is expected to be hit particularly hard alongside cutbacks to schools, social housing, energy efficiency programmes, GP surgeries and flood defences. Of course if you can afford private healthcare and to move out of flood-risk areas, this probably won't bother you. For the rest of us it's bad news.

Repossessions and evictions

Another way the recession will hit us is through a rise in home repossessions and evictions as people fall behind on mortgage repayments and rent. Repossessions are already at record levels, and set to rise further. The government is encouraging banks, including those it now owns, to go easy on repossessions, effectively tolerating squatting. No doubt they're conscious that chucking families out on the street is not likely to be popular. But they're in a bind. If they don't repossess people, why should anyone pay their mortgages at all? If the government steps in to nationalise the homes of mortgage defaulters as has been suggested, this just raises the amount they have to claw back through the other means discussed above. The absurdity is we could see people being chucked out on the street while houses stand empty and can't be sold.

So is it all doom and gloom?

It doesn't have to be! If we're honest, we're not in a very strong position and we're likely to take the brunt of this crisis unless we set about changing that.

There are various things we can do, ranging from simple things you're probably doing already to daring acts of collective action to win the things we need. So...

Talk to your workmates - on your breaks or in the pub after work. We're all in the same boat, just realising this is a step towards doing something about it. When you realise your problems aren't personal but social, all sorts of possibilities for mutual aid open up. Beware bosses claiming they're in the same boat too; who do you think they'd throw overboard first?

Network with other workers - in your area or sector. Do you have friends or friends-of-friends working locally in the same sector as you? Consider going for a coffee or a pint to swap experiences and find out if there's anything you can learn from each other, or ways to help each other out (like handing out leaflets at each others workplaces so the boss can't victimise you).

Consider collective action. Collective action covers a whole range of things, but the principle is that while on our own we are weak, when we act together we can achieve more than the sum of our parts. Examples include going in a group to the manager's office to support colleagues being made redundant or pressured into working longer or harder. There's safety in numbers. Or deciding with your workmates to 'work-to-contract' - taking your breaks and leaving on time in response to pressure to do more work. It's easier to say no to the boss when you know your workmates are doing the same.

More dramatically, things like occupations can win major concessions. When workers were laid off at a factory in Northern Ireland recently they occupied the plant for 48 hours demanding improved redundancy terms. They won. By acting together they turned the tables on the bosses, who expected them to go home alone and 'think things over.' Instead they showed the inevitable wasn't so inevitable. It isn't always easy to take collective action, but it starts from realising what we have in common with other workers, and what we don't have in common with the politicians and bosses trying to shift the costs of the crisis onto us. We can't fight back on our own, but together we have a chance.

Written for the Tea Break bulletin in December 2008.

Ramaa Vasudevan
Financialization : A Primer

You don't have to be an investor dabbling in the stock market to feel the power of finance. Finance pervades the lives of ordinary people in many ways, from student loans and credit card debt to mortgages and pension plans.
And its size and impact are only getting bigger. Consider a few measures:

U.S. credit market debt—all debt of private households, businesses, and government combined—rose from about 1.6 times the nation's GDP in 1973 to over 3.5 times GDP by 2007.

The profits of the financial sector represented 14% of total corporate profits in 1981; by 2001-02 this figure had risen to nearly 50%.
These are only a few of the indicators of what many commentators have labeled the "financialization" of the economy—a process University of Massachusetts economist Gerald Epstein succinctly defines as "the increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operation of the economy and its governing institutions."

On the left, political economists Harry Magdoff and Paul Sweezy over many years pointed to the growing role of finance in the operations of capitalism; they viewed the trend as a reflection of the rising economic and political power of "rentiers"—those whose earnings come from financial activities and from forms of income arising from ownership claims (such as interest, rent, dividends, or capital gains) rather than from actual production.

From finance to financialization

The financial system is supposed to serve a range of functions in the broader economy. Banks and other financial institutions mop up savings, then allocate that capital, according to mainstream theory, to where it can most productively be used. For households and corporations, the credit markets facilitate greatly increased borrowing, which should foster investment in capital goods like buildings and machinery, in turn leading to expanded production. Finance, in other words, is supposed to facilitate the growth of the "real" economy—the part that produces useful goods (like bicycles) and services (like medical care).

In recent decades, finance has undergone massive changes in both size and shape. The basic mechanism of financialization is the transformation of future streams of income (from profits, dividends, or interest payments) into a tradable asset like a stock or a bond. For example, the future earnings of corporations are transmuted into equity stocks that are bought and sold in the capital market. Likewise, a loan, which involves certain fixed interest payments over its duration, gets a new life when it is converted into marketable bonds. And multiple loans, bundled together then "sliced and diced" into novel kinds of bonds ("collateralized debt obligations"), take on a new existence as investment vehicles that bear an extremely complex and opaque relationship to the original loans.

The process of financialization has not made finance more effective at fulfilling what conventional economic theory views as its core function. Corporations are not turning to the stock market as a source of finance for their investments, and their borrowing in the bond markets is often not for the purpose of productive investment either. Since the 1980s, corporations have actually spent more money buying back their own stock than they have taken in by selling newly issued stock. The granting of stock options to top executives gives them a direct incentive to have the corporation buy back its own shares—often using borrowed money to do so—in order to hike up the share price and allow them to turn a profit on the sale of their personal shares. More broadly, instead of fostering investment, financialization reorients managerial incentives toward chasing short-term returns through financial trading and speculation so as to generate ballooning earnings, lest their companies face falling stock prices and the threat of hostile takeover.

What is more, the workings of these markets tend to act like an upper during booms, when euphoric investors chase the promise of quick bucks. During downturns these same mechanisms work like downers, turning euphoria into panic as investors flee. Financial innovations like collateralized debt obligations were

supposed to "lubricate" the economy by spreading risk, but instead they tend to heighten volatility, leading to amplified cycles of boom and bust. In the current crisis, the innovation of mortgage-backed securities fueled the housing bubble and encouraged enormous risk-taking, creating the conditions for the chain reaction of bank (and other financial institution) failures that may be far from over.

Financialization and power

The arena of finance can at times appear to be merely a casino—albeit a huge one—where everyone gets to place her bets and ride her luck. But the financial system carries a far deeper significance for people's lives. Financial assets and liabilities represent claims on ownership and property; they embody the social relations of an economy at a particular time in history. In this sense, the recent process of financialization implies the increasing political and economic power of a particular segment of the capitalist class: rentiers. Accelerating financial transactions and the profusion of financial techniques have fuelled an extraordinary enrichment of this elite.

This enrichment arises in different ways. Financial transactions facilitate the reallocation of capital to high-return ventures. In the ensuing shake-up, some sectors of capital profit at the expense of other sectors. More important, the capitalist class as a whole is able to force a persistent redistribution in its favor, deploying its newly expanded wealth to bring about changes in the political-economy that channel even more wealth its way.

The structural changes that paved the way for financialization involved the squashing of working-class aspirations during the Reagan-Thatcher years; the defeats of the miners' strike in England and of the air traffic controllers' (PATCO) strike in the United States were perhaps the most symbolic instances of this process. At the same time, these and other governments increasingly embraced the twin policy mantras of fighting inflation and deregulating markets in place of creating full employment and raising wages. Corporations pushed through legislation to dismantle the financial regulations that inhibited their profitmaking strategies. Financialization has gathered momentum amid greater inequality. In the United States, the top 1% of the population received 14.0% of the national after-tax

income in 2004, nearly double its 7.5% share in 1979. In the same period the share of the bottom fifth fell from 6.8% to 4.9%.

And yet U.S. consumption demand has been sustained despite rising inequality and a squeeze on real wages for the majority of households. Here is the other side of the financialization coin: a massive expansion of consumer credit has played an important role in easing the constraints on consumer spending by filling the gap created by stagnant or declining real wages. The credit card debt of the average U.S. family increased by 53% through the 1990s. About 67% of low-income families with incomes less than $10,000 faced credit card debt, and the debt of this group saw the largest increase—a 184% rise, compared to a 28% increase for families with incomes above $100,000. Offered more and more credit as an individualistic means of addressing wage stagnation, then, eventually, burdened by debt and on the edge of insolvency, the working poor and the middle class are less likely to organize as a political force to challenge the dominance of finance. In this sense, financialization becomes a means of social coercion that erodes working-class solidarity.

As the structures created by financial engineering unravel, the current economic crisis is revealing the cracks in this edifice. But even as a growing number of U.S. families are losing their homes and jobs in the wake of the subprime meltdown, the financial companies at the heart of the crisis have been handed massive bailouts and their top executives have pocketed huge pay-outs despite their role in abetting the meltdown—a stark sign of the power structures and interests at stake in this era of financialization.

Silvia Federici & George Caffentzis
Must The Molecules Fear As The Engine Dies : Notes on the Wall Street 'Meltdown'

The breakdown of the Wall Street financial machine makes the task that we outlined in our June meeting more urgent. In June we planned to rethink Midnight Notes in view of the restructuring of the accumulation process and class relations carried out through the neoliberal turn and Structural Adjustment. We can now define this project more precisely: what do the current crisis and restructuring of the financial system imply for us as we join the rest of the world in the dog house of structural adjustment in the twilight of the American empire?

In response to these questions, it is important, first, that we realize that the so-called Wall Street "meltdown" is certainly the end, but also the completion of the neoliberal program. Let us be clear about it. To think otherwise is to ignore the lesson taught to us by the event that opened the present capitalist era: the 1973 coup again the Chilean working class experiment with socialism, that led to the victory of strong state backed market economy. Karl Polanyi's theory that the single most important cause of the rise of fascism and Nazism in Europe was the inability to control the financial market after the 1929 crash also resonates here. In other words, we should not read the restructuring taking place as a turn to socialism / Keynesianism, to the extent at least that Keynesianism was an intervention by the state into the economy aimed at increasing the state's investment in social reproduction, starting with the reproduction of the working class, in exchange for an increase in the social productivity of labor. Despite the adoption of regulatory mechanisms, the operation presently conducted by the US government bears little resemblance to the Keynesian program launched with the New Deal.

Behind the $700 billion bail-out and the many others that will follow-- some already in the pipeline-- is a massive transfer of funds from the US working class to capital, inevitably leading to an assault on the last remaining entitlements

(like Medicare, Social Security) and a general program of austerity the like of which we have not seen yet in a long time. The fact that there is no organized response to this assault makes us fear the worst. For things would never have reached this point if over the last decade the US workers had responded to the repeated thefts of their money and benefits, through the Enron scandal and the many other "crises" that have followed it. That despite the "instability" of the market, despite its usage as a means to expropriate thousands of small/working class investors, US workers continued to trust their livelihoods and future to it is certainly a key factor in what we are presently witnessing and Washington/Wall Street confidence in launching the new austerity program. It is our argument that in the same way as September 11 served the US government to shed the last remains of "democracy" and move to a model of government where militarization is always around the corner (apparently Representatives were threatened with the proclamation of martial law if they did not pass the bailout bill), so the Wall Street crash will serve to shed the last remaining elements of working class "socialism" in the US political economy, starting with Social Security, Medicare, a thorn in capital's flesh, but so far demonstrating a great resilience, the last shore for working class struggle in the nation.

2. Lessons from the Debt Crisis.

There is a important parallel here, not sufficiently noted, between the present crash and bail-out and the "debt crisis" of the 1980s, which engulfed most Third World nations (except for China) and was the start of the globalization process. Both have been engineered in the same fashion.

The "debt crisis" was the outcome a financial campaign conducted by Washington and Wall Street, to practically force Third World nations to take cheap development loans --liberally dished out at the lowest interest rates-- at a time when capital was refusing to invest in Europe and North America in the face of the most successful working class attack to its profit-rate since the 1920s, and a new generation of Africans, Asians etc. were organizing to demand a global redistribution of wealth and a program of reparations, that is, in the language of the Bucharest Conference of 1974 : A NEW WORLD ORDER.

Through the lending mechanism, the massive flow of petrodollars that had been amassed in the aftermath of the 1974 embargo (the first attack on US wages, organized through a stiff inflationary wave) was redirected to the coffers of

Third World nations, which, attracted by the bait of cheap loans, were soon hooked to the global economy, all dreams of an independent path to development foregone. In other words, loans at the lowest interest rates were key to the creation of a global debt and the process of primitive accumulation (through structural adjustment) that was imposed on most of the workers of the world.
As we know, within less than a decade, the rise of the interest rates in the US, turned manageable debts into a long-term process of economic and political subordination. Debt became the hook for a massive restructuring of Africa's, Asia's Latin America's political economies, re-establishing a colonial dependency that for three decades has served to promote a massive transfer of funds from the Third to the First World and defeat the organizational efforts of TW nations for an independent road to development.

Under the guise of the "debt crisis," portrayed as a case of "mismanagement" by backward countries, requiring First World-style financial responsibility, countries across the world were forced to open their books to Washington--via the IMF and World Bank--accept any terms of repayment imposed on them. They were forced to freeze wages, terminate all social spending, open their markets to foreign investors and products, devaluate their currencies and so forth. The consequences of these policies are well known. While Washington and NY built forests of skyscrapers, sucking on the blood of Africans, Asians, Latin Americans, Caribbean people, such levels of impoverishment and expropriation were imposed on the people of the world that millions took the road out of their countries, unable to survive in them, while those remaining witnessed epidemics, elimination of schools, famines, wars, the loss of ancestral lands, waters and forests, brutal wars of privatization, all directly related to the debt.
This is history now, though the politics of SAP have set back for decades the project initiated by the anti-colonial struggle, reformulated and reasserted, as I mentioned, at the Bucharest Conference of 1974, where TW nations emboldened by the defeat of the US in Vietnam, demanded a NEW WORLD ORDER, i.e. the redistribution, return of the wealth that Europe and the US have robbed from the colonial world.
With the debt crisis, international capital obtained three major objectives.

i) It disciplined the working class in Europe and the US, by dismantling its manu-

facturing structure and refusing for years to engage in any serious investment in these regions [remember "zero growth"?]

ii) It destroyed the attempt of the former colonial world to escape a dependent/subordinate position, as demanded by the new generation of Africans, Asians, etc., who, infused of the spirit of Fanon, were keen on import substitution schemes, were pressing for REPARATIONS, and pushing for some form of socialism (in Angola and Mozambique).

iii) In addition to defeating revolution in First and Third World, the "debt crisis" built the infrastructure for the new global economy. It forged the mechanisms by which industries and offices could be relocated, companies could run around the globe, the work process could be computerized and streamlined and the working class thereby could be flexibilized and re-divided.

Against this background, we must note some basic similarities between the engineering of the debt crisis and the engineering of the Wall Street crash and must assume these similarities will extend to the social consequences of the crash. The housing bubble was the result of loans made at very low though adjustable credit rates, redirecting the influx of capital coming from abroad (China and other countries) toward the US market.

Is it possible that investment banks, credit rating agencies, the head of the Federal Reserve all FAILED to realize what would be the inevitable result of an "easy credit," lending policy that reversed decades of regulatory principles and rules? Unless we want to revel in the nonsensical tale of a blinding surge in human greed, the answer must be a negative one. Thus, we must stop using the concept of "failure" to describe the absence of regulations and the reasons for the crash. We must rule out that the architects of the housing/mortgage crisis did not know it would end in a financial disaster and cascade of foreclosures for the home owners, in the same way as banks are partly responsible for the debt of the US working class ($45.000 on average per capita).

Continuing with the parallel, we have to conclude that with this 700 billion dollar "bail-out," coming straight out of our pockets and hides, the "structural adjustment" that since the 1980s has been imposed on countries across the world, is

going to be extended to the US territory and the US working class. This time (after many beginnings and many deferrals) we too are being "adjusted." I will discuss later what adjustment will mean at this time for us. For the moment we only want to stress that we are witnessing not only a financial meltdown, but also a great robbery, a macro-process of expropriation, an immense transfer of labor, this time siphoning funds to the US banking system not only from the Third World, as in the Debt Crisis of the 1980s, but from our households, through the classic maneuver of increasing the national debt. What we are witnessing is a capitalist coup, an example of capital's historic readiness to destroy itself in order to regain the initiative and defeat resistance to its discipline.

3. Where does this resistance come from? How is the collapse of the financial systems a response to it?

We cannot understand the Wall Street crisis unless we read it in class terms as a means to negotiate a different class deal and response to class struggle and resistance. However, in dealing with these questions, I also want to distinguish this approach and the growing tendency to view every development in capitalist planning as a realization of working class struggle and demands, the Negrian perspective on capital's response to class movements.

This perspective is dangerous, because besides turning even defeat into a victory, (such as: we wanted globalization, we wanted flexibilization, etc), it ignores the fact that a capitalist response must use working class demands against themselves, use them to drive part of the working class out of the struggle, turn it against or away from the other half, use them in such a way as to spark off forms of development that decompose the class.

Let us look now at the crisis as a disciplinary tool and strategy. There are at least three areas of resistance to the neoliberal accumulation project that the Wall Street collapse has to respond to. I will list them without an attempt to establish an order.

First, the crash and the bail-out must defeat the attempt of the US working class to circumvent class discipline by using financial markets, rather than struggle, sweat and labor, to increase their wages. While strikes and struggles have

died out over the last two decades, workers have tried to increase their income in three ways: investing in the stock market, buying on credit, now even for everyday expenses, getting equity money through housing, and defaulting student loans. These tactics have clearly failed and now millions of workers are now to pay twice for them, in terms of their individual losses and in terms of the losses that will be inflicted on the US proletariat as a class through the bailouts. If successful, these bail-outs will in fact be conducive to a new regime of low wages and zero entitlements the like of which we have not seen since the last part of the 19th century.

The new regime will not be the end of market fundamentalism. It will be a revitalization of market investment through the injection of our social security money, and it will be a revitalization of some parts of American industry now presumably taking advantage of the fact that workers are desperate enough to accept any conditions just to have a job and a roof over their heads. A large part of capital has for a long time been lusting to bring back America to the situation before the New Deal, when employers had the upper hand. The "crisis" is giving them a chance to return to that era.

That this time Social Security is at stake is due to various factors. First, Social Security is the last pot of money available to re-launch the US market, in a context in which workers have no savings and monetary flows from the outside are drying out. It is also the last 'scandal" on the list of US capitalists who have relentlessly for years now told us it must go. Most important of all, Social Security affects primarily the old, the retired, and it is therefore an easier target than entitlements affecting the whole working class.

So far workers in the US have resisted the privatization of Social Security despite many governmental attempts. But cuts in pensions have already gone a long way in the private sector, where employers have given stocks of their companies to workers, or stopped putting any money in their pension funds. The present crisis will extend that to government backed pensions. And the road to it has been cleared by years of false statements to the effect that Social Security is unsustainable. Though it is a colossal lie, younger generations have, however, accepted it. By cutting Social Security, capital undoubtedly hopes to pit the young against the old, who (as in Africa today) are being pictured as a crew of selfish gerontocrats sucking

up the funds the young need to build their future.

The second target of the attack is the global resistance to capital's appropriation of natural resources beginning with oil and gas extraction. The defeat in Iraq is the peak of it. To this day, despite an immense expenditure in war funding, the US has not been able to put its hands on Iraqi oil. Resistance to international capital control over global energy resources has also come from Venezuela, Bolivia, and Ecuador. Many more countries are also refusing the neoliberal packet, especially in Latin America. These refusals, not peak oil, are the true limits to capital's energy plans.

There have also been bottlenecks in the exploitation of forests, waters, minerals, and lands which structural adjustment was to remove. A new "rurban" peasant movement has been growing that is fighting independently of unions, parties, "civil society" and NGOs, using direct action tactics, to re-appropriate the lands and resources of which it has been robbed ---poaching, harvesting timber or produce in commercial plantations, mining diamonds and gold "illegally," or farming in the very lands from which they have been "legally" excluded. When they move to the cities they squat on urban land and take over land not used, private or public to farm it for their needs. It is a vast re-appropriation movement that is redefining the fundamentals of social reproduction globally. It has put globalizers and adjusters out of government, it has forced the nationalization of local resources, and has redistributed wealth and political power, putting the World Bank and IMF almost out of business in Latin America. It has defeated the attempt to completely liberalize the economies of the TW through the rule of the World Trade organization. Though not sitting at the table, the specter of the rural/urban peasants of the world has guided the refusal of TW representative to comply.

Third, global migration has developed in ways that make it difficult for governments to use it as a regulatory mechanism for the labor market. Far from being an easy device for driving wages down, migration is now an autonomous uncontrollable phenomenon, with a logic of its own that is not reducible to the needs of the labor market. It is important however to stress (against the idealization of the migrant and of Exit, Exodus, Flight as a the highest form of struggle) that the struggle of the migrants is not superior to the struggle of those who remain. In

fact, migration can lead to the dissolution of local organizations, it can create new divisions among the locals, separating those benefiting from remittances and those deprived of them, it can boost the cost of living in the area of origin by the influx of new money and hook local economies more strongly to the international monetary system, fostering the expansion of monetary relations. These, of course, are not inevitable results. Actually, migrants have been able to use the wage against the wage, to refuse impoverishment, to create transnational networks, to move from country to country seeking a better deal and nullifying nation all boundaries and borders.

The attacks on immigrants of recent months, which have seen the most massive factory raids and deportations ever in the US, are response to this autonomy. They are part of the attempt to create a population of rightless workers, to function as a safety valve for the labor market. Only if they have no rights can immigrants function as regulatory mechanism for the labor market (in the same way as mass incarceration and expansion of unpaid labor do). The redefinition of immigrant workers as outlaws and the criminalization of working class--historically a key strategy to devalue labor power--will continue to be a tool of the world order we will see emerging from the crisis. But the crash will intensify the divisions between "natives" and migrants, attack the organizational strength of migrant organizations, unless there is strong opposition to this strategy.

The Politics of the Financial Crisis and Our Response.

Crises are always a threat and an opportunity as they break down business as usual, and reveal something of the inner workings and nastiness of capitalism. This one is not an exception and we can be sure that what will come out of it will be greatly a result of what people do in response to it. If the Great Depression is an indication, it took more than ten years for capital to organize a different social order. Much can happen in such a period.

The problem for us today is that workers are only organized around electoral politics at best. And many still place more hope in a racist and imperialist stance than in working class solidarity. We certainly don't have a communist or an anarchist movement organizing rallies of the unemployed, fight against evictions, or organizing "penny auctions" of farms as they did during the Great Depression.

Nor do we have an anti-capitalist alternative as the Soviet Union was in the eyes of many. We also do not have the kind of solidarity that in the Great Depression led to invention of new commons, like the hobo movement and the creation of "jungle cities."

Where to start then? This is what we need to work on in the coming months and years. There is no clear path to this kind of mobilization. But we need to start somewhere. On two things we can get people to agree with us: First, we better find alternatives, because, as things stand presently, we are so incestually connected with capitalism that its demise threats our own existence. Second, unless we organize to resist government planning, what lies ahead for us, after a cut of more than a trillion dollars of our "entitlements," looks much more like some variant of fascism than socialism.

Mario Tronti
Politics at Work

It is time to engage in a new research project. Our theme is: work and politics. Yes, because it is a novelty to concern ourselves with this theme. It says a lot about the condition we find ourselves in. What until some time ago was an old conviction has today become an entirely new realisation: either the workers constitute a political force or they do not exist. And the political inexistence of the workers is of course the problem of the Left, but it is also the problem of society and the state, it is the real theme behind the crisis of civilization. If we don't put it in these terms, we will not find the compass that we seek in order to orient ourselves in the open seas of world-capitalism, once again thrown into turmoil by affairs that are entirely its own.

This is what it hurts to see today: that the class adversary is not in good shape, that it is unable to provide for the majority of its subalterns, and that nevertheless its problems are entirely relative to the relationships between its internal parts. At base, labour-power too was an internal part of capital, but when it took off the uniform of the producer of surplus-value and donned the outfit of the realiser of political value, it threatened, as we used to say, the constituted order, hinting at something other and beyond. Now instead capitalist contradictions are only ever settlings of accounts between sections of the dominant forces: financialisation against real economy, liberalisation versus regulation and vice versa, market and/or state, world distribution of energy resources and therefore pieces of the world against other pieces of the world, but still within a single thought of social relations: the bosses – whether private or public – rule, and the workers comply.

Bringing the theme of work back on the political agenda. How? With whom? The answer to the last question seems obvious: with the workers themselves. Getting to know them again, these unknowns. Getting them to speak again, these mutes. Bringing the place of work back into the non-places of today's politics. Empirical inquiries are not lacking. We are not starting from zero. Thankfully, the

social sciences exist, data and numbers are not lacking, investigations have been carried out with regularity, the latest one by the metalworkers' union, FIOM. What's missing? A political interpretation: serious, lucid, realistic, non-ideological, non-conventional, non-electoralist.

The famous transformations of work are like the equally famous transformations of capitalism: when everything has been said, nothing has changed. The storytellers of the social come and describe the state of affairs: the liquid instead of the solid, what melts into air rather than what sediments on the ground, the whole that must become flexible, the production that becomes molecular, the power that is everywhere and nowhere like the holy spirit, because it is micro and no longer macro, and then the immaterial, the cognitive, the politics that is bios, made to measure for the asocial individual – forget about women and men of flesh and bone who organise themselves for the struggle. With limitless patience we read and listen, careful not to let what we don't know slip through our fingers.

What is to be done about the exploitation of work? Do we put up with it, hiding it like dust under the carpet of good manners, or do we start once again to condemn it, showing that it is what objectively and materially unifies the current form of fragmented labour? Is it not true that today the social figure of the exploited brings together the worker in the great factory, the employee of the small service company, the precarious call-centre worker, the college graduate baby-sitter, the teacher or professor commuting while she awaits a permanent post, the labourer risking his life in one of the many thousands of subcontracted firms, the immigrant construction worker, the part-time researcher technician and the scandalously underpaid, or even not paid, contract lecturer, all the way to the self-employed worker filing his tax returns who, compared to rest, has the privilege of exploiting himself? We could go on and on. Asking what worker means after the working class is the same thing as wondering what the Left is after the workers' movement. This is well and truly an epochal problem.

If it is true that the political centrality of the mass-worker has been replaced by the political centrality of the mass-bourgeois, then a great anthropological question poses itself on the terrain of human labour. The ideological hegemony of the Right – your boss's interest is your interest, and you should do things on

your own and not with others – does not stop before the factory gates, just like it doesn't wait in front of the entrance to the home, where the holy family dwells. It enters, penetrates, invades, conquers, seizing hold of the soul – if there is no body of collective forces that pushes it back, countering it with the reasons of an organised solidarity. The material condition of subaltern labour – whether dependent or autonomous, stable or precarious – must now face up to this politically unprecedented situation, that the middle classes no longer need to be a separate social stratum, because they have become a diffuse democratic mentality. This is an illusory veil which the presence of an alternative horizon, both credible and practicable, has the duty to rend asunder.

But who today denounces the evils of society? A few precious experiences among social movements, some isolated scholarly gadflies, the odd papal homily, some praiseworthy grassroots philanthropy. What is lacking is the powerful voice of a subject that counts, and that makes its authoritativeness count, armed with consensus and thought. Work and politics is the point from which to begin once again to weave the interrupted thread of a new fabric of organisation. Around this point everything can be born, in terms of discourse and multiple experiences, but without it nothing will be born. It is first and foremost a political-cultural battle.

We are working in the furrows of a great tradition. But this is only a temporary surrogate, while we await the return of the initiative into the hands of practical politics. Of course, we need to make workers speak, even through new forms of co-research. But we must also start speaking about workers again, with programmes and projects that concern them directly, existentially. And here the forms in which practical politics is currently organised on the Left do not work, they do not respond to the command that the theme of work and politics should trigger in the operational machine. The latest disheartening events tell us as much. The Partito Democratico spoke of something else, the Arcobaleno didn't speak to anyone, and it will not suffice to cloister oneself in a generous heretical sect of the refounders of communism in order to resolve this problem.

An alternative Left that for the time being closes ranks around the field of work is necessary, and we must therefore make it possible. But this too must be thought and practiced as a passage rather than a point of arrival. Once upon a time

we used the formula 'the world of labour'. Now we sometimes say 'the world of labours': not that much has changed when it comes to the fact that whatever world we're dealing with, we need representatives and forms of representation adequate to it. To put it bluntly, so that everyone will understand, we need a great political force, a popular Left, rooted in the real country, with mass confidence – social before it is electoral – a mass party of working men and women, with the political pride to name the matter at hand in this way. Then, we might even lose some battles, but at least we'll know that we're there fighting a just war.

Alain Badiou
Of Which Real is this Crisis the Spectacle?

As it is presented to us, the planetary financial crisis resembles one of those bad films concocted by that factory for the production of pre-packaged blockbusters that today we call the "cinema". Nothing is missing, the spectacle of mounting disaster, the feeling of being suspended from enormous puppet-strings, the exoticism of the identical – the Bourse of Jakarta placed under the same spectacular rubric as New York, the diagonal from Moscow to Sao Paulo, everywhere the same fire ravaging the same banks – not to mention terrifying plotlines: it is impossible to avert Black Friday, everything is collapsing, everything will collapse...

But hope abides. In the foreground, wild-eyed and focussed, like in a disaster movie, we see the small gang of the powerful – Sarkozy, Paulson, Merkel, Brown, Trichet and others – trying to extinguish the monetary flames, stuffing tens of billions into the central Hole. We will have time later to wonder (the saga will surely continue) where these billions come from, given that for some years, at the least demand from the poor, the same characters responded by turning their pockets inside out, saying they hadn't a cent. For the time being, it doesn't matter. "Save the banks!" This noble, humanist and democratic cry surges forth from the mouths of every journalist and politician. Save them at any price! It's worth pointing this out, since the price is not insignificant.

I have to confess: given the numbers that are being bandied about, whose meaning, like almost everyone else, I am incapable of representing to myself (what exactly is one thousand four hundred billion euros?), I too am confident. I put my full trust in our firemen. All together, I am sure, I can feel it, they will succeed. The banks will be even greater than before, while some of the smaller or medium-sized ones, having only been able to survive through the benevolence of states, will be sold to the bigger ones for a pittance. The collapse of capitalism? You must be kidding. Who wants it, after all? Who even knows what it would mean? Let's save the

banks, I tell you, and the rest will follow. For the film's immediate protagonists – the rich, their servants, their parasites, those who envy them and those who acclaim them – a happy ending, perhaps a slightly melancholy one, is inevitable, bearing in mind the current state of the world, and the kinds of politics that take place within it.

Let us turn instead to the spectators of this show, the dumbstruck crowd who - vaguely unsettled, understanding little, totally disconnected from any active engagement in the situation - hears, like a far-off noise, the mort* of the cornered banks. This crowd can only guess at the exhausting weekends of our heroic small team of heads of government. It sees, passing before it, numbers as enormous as they are obscure, automatically comparing them to its own resources, or even, for a very considerable part of humanity, to the pure and simple non-resource which is the bitter and courageous basis of its very life. That's where the real is, and we will only be able to access it if we turn away from the screen of the spectacle in order to consider the invisible mass of those for whom this disaster movie, its saccharine ending included (Sarkozy kisses Merkel, and the whole world weeps for joy), was only ever a shadow-play.

In these past few weeks we have heard a lot about the "real economy" (the production and circulation of goods) and the – how should we call it? unreal? – economy which is the source of all evils, in that its agents had become "irresponsible", "irrational" and "predatory" – fuelling, first rapaciously, then in a panic, the now formless mass of stocks, securities and currencies. This distinction is obviously absurd, and is generally immediately contradicted, when, by way of an opposite metaphor, financial circulation and speculation are presented as the 'circulatory system' of capitalism. Are heart and blood perhaps subtracted from the living reality of a body? Is a financial stroke indifferent to the health of the economy as a whole? As we know, financial capitalism has always – which is to say for the past five centuries – been a major, central component of capitalism in general. As for the owners and managers of this system, by definition they are only "responsible" for profits, their "rationality" is to be measured by their earnings, and it is not just that they are predators, but that they have to be.

Accordingly, we do not find anything more "real" in the engine-room of capitalist production than on its commercial decks or in its speculative cabins. The

last two in any case corrupt the first: in their crushing majority, the objects produced by this type of machinery – being aimed solely at profit, and at the derivative speculations which form the fastest and most considerable part of this profit – are ugly, cumbersome, inconvenient, useless, and it is necessary to spend billions to persuade people otherwise. This presupposes that people be transformed into spoiled children, eternal adolescents, whose existence merely consists in changing toys.

The return to the real cannot be a movement leading from bad "irrational" speculation back to healthy production. It is the return to the immediate and reflective life of all those who inhabit this world. It is from that vantage-point that one can observe capitalism without flinching, including the disaster movie that it is currently inflicting upon us. The real is not this movie, but its audience.

So what do we see, if we turn things around in this way? We see, and this is what it means to see, simple things that we've known for a long time: capitalism is nothing but robbery, irrational in its essence and devastating in its development. Its few short decades of savagely unequal prosperity have always been at the cost of crises in which astronomical quantities of value disappear, bloody punitive expeditions into every zone that capitalism judges either strategically important or threatening, and world wars that brought it back to health.

Here lies the didactic force in looking at this crisis-film. Faced with the life of the people watching it, do we still dare to pride ourselves in a system which delegates the organisation of collective life to the basest of drives – greed, rivalry, unthinking selfishness? Can we sing the praises of a "democracy" whose leaders do the bidding of private financial appropriation with such impunity that they would shock Marx himself, who nevertheless already defined governments, a hundred and sixty years ago, as "the agents of capital"? The ordinary citizen must 'understand' that it is impossible to make up the shortfall in social security, but that it is imperative to stuff untold billions into the banks' financial hole? We must somberly accept that no one imagines any longer that it's possible to nationalise a factory hounded by competition, a factory employing thousands of workers, but that it is obvious to do so for a bank made penniless by speculation?

In this business, the real is to be found on the hither side of the crisis. For where does this entire financial phantasmagoria come from? Simply from the fact

that, by dangling miraculous credits before their eyes, people devoid of the means to afford them were browbeaten into buying flashy houses. These people's IOUs were then sold on, mixing them, as one does with sophisticated drugs, with financial securities whose composition was rendered as scientific as it is opaque by battalions of mathematicians. All of this then circulated, from sale to sale, its value increasing, in ever more distant banks. Yes, the material measure for this circulation was to be found in the houses. But it was enough for the real estate market to go bust and, as this measure became less valuable and the creditors demanded more, for the buyers to be less and less able to pay their debts. And when finally they couldn't pay them at all, the drug injected into the financial securities poisoned them all: they were no longer worth anything. But this only seems to be a zero-sum game: the speculator loses his wager and the buyers their homes, from which they are politely evicted. But the real of this zero-sum game is as always on the side of the collective, of ordinary life: in the end, everything stems from the fact that there exist millions of people whose wages, or absence thereof, means that they are absolutely unable to house themselves. The real essence of the financial crisis is a housing crisis. And those who can't find a home are by no means the bankers. It is always necessary to go back to ordinary existence.

The only thing that we can hope for in this affair is that this didactic power may be found in the lessons drawn from this grim drama by people, and not by the bankers, the governments who serve them, and the newspapers who serve these governments. This return to the real has two related aspects. The first is clearly political. As the film has shown, the "democratic" fetish is merely the zealous servant of the banks. Its real name, its technical name, as I have argued for some time, is capitalist-parliamentarianism. It is advisable, as several political experiments have begun to do in the past twenty years, to organise a politics of a different nature.

Such a politics is, and no doubt will be for a long time, at a great distance from state power, but no matter. It begins level with the real, through the practical alliance between those who are most immediately available to invent such a politics: the newly-arrived proletarians from Africa and elsewhere, and the intellectuals who have inherited the political battles of the last few decades. This alliance will grow on the basis of what it will be capable of doing, point by point. It will not entertain any kind of organic relationship with the existing parties and with the electoral and

institutional system that keeps them alive. It will invent the new discipline of those who have nothing, their political capacity, the new idea of what their victory will look like.

The second aspect is ideological. We must overthrow the old verdict according to which ours would be the time of "the end of ideologies". Today we can clearly see that the only reality of this supposed end lies in the slogan "save the banks". Nothing is more important than recovering the passion of ideas and countering the world such as it is with a general hypothesis, the anticipated certainty of an entirely different state of affairs. To the nefarious spectacle of capitalism, we oppose the real of peoples, of the existence of all in the proper movement of ideas. The theme of an emancipation of humanity has lost none of its power. Undoubtedly, the word "communism", which for a long time served to name this power, has been debased and prostituted.

But today, its disappearance only benefits the advocates of order, the feverish actors of the disaster movie. But we will resuscitate communism, in its newfound clarity. This clarity is also its oldest virtue, as when Marx said of communism that it "breaks in the most radical fashion with traditional ideas" and that it will bring forth "an association in which the free development of each is the precondition for the free development of all".

Total break with capitalist-parliamentarianism, the invention of a politics on a level with the popular real, sovereignty of the idea: it's all there, everything we need to turn away from the film of the crisis and to give ourselves over to the fusion between live thought and organised action (everything we need to turn away from the film of the crisis and rise up).

**In French: hallali. In English, the nearest equivalent is 'mort', the note sounded on a hunting horn to announce the death of a deer.*

44 Reports on Crisis 4 : England

We asked people in several countries to write down observations about social effects of the crisis. The following is a report from England, written in January 2009, updated in February 2009

»Anti-social solidarity«

On January 8 Nissan sacked 1;200 of the 5,000 workers at its Sunderland car plant (Wearside, North-East England). Some reports said 800 permanent and 400 temp and 800 'permanent' jobs would go, others that it would be 'mostly' temp jobs. The Nissan plant, which began cutting production and hours in October, had introduced round-the-clock shifts to meet demand in January 2008; it was 'widely regarded as the most efficient in Europe' (Financial Times), and had supposedly 'revitalized' local business (Nissan's own supply chain, where at least another 5,000 workers are now threatened, plus petrochemicals, paper and 'high quality' call centres) through the example of its kaizen/'lean production' model. The case was the most prominent in the UK so far of mass layoffs by a profitable and solvent 'lean' employer. In a sense Sunderland is unusual among the parts of Britain affected by industrial shutdown in the 1980s, in that the 'replacement' for the shipyards and coal mines involved at least an element of new (i.e. downsized and 'flexible') manufacturing. Outside its reindustrialized outposts, though, Sunderland, along with other historically working class parts of the country (including much of London, eg. ex-Ford Dagenham and pre-Olympic Hackney/Tower Hamlets), has experienced the same things more or less uninterruptedly throughout the financial/services boom: persistently high unemployment, state and EU-funded 'urban regeneration' projects bestowing a few fragile retail and hospitality jobs along with real estate gains and 'creative' fees for a micro-minority, and prodigious growth of government agencies administering 'social exclusion'. The Nissan layoffs show that 'social exclusion' is something no-one is safe from now, to the point that the term loses whatever

meaning it ever had. Behind all the state agencies' efforts to pathologize it, 'exclusion' essentially means having no realistic individual hope of 'prospering' individually as a rentier, a business-owner or a professional in a financialized economy. This hopelessness is clearly no longer exclusive : it can happen to anyone (it always could have done, but until recently 'anyone' wouldn't have believed it), and it is happening on an enormous scale right now. The near future of class conflict will depend on the reaction of those workers who find themselves flung into this condition, together with that of those have never known anything else.

The nature of the crisis in the UK follows directly from that of the16-year 'boom' that preceded it. The role of rising financial asset prices (i.e. expanding claims on value produced elsewhere or in the future) as the 'engine of growth' was not just a matter of the portion of 'GDP' attributed directly to financial services (officially 33 per cent in 2006): this hypothetical revenue, i.e. credit, flowed into the much larger business and consumer services market, paying almost incidentally for the low-wage, quick hiring/firing jobs of the local 'employment boom'. In this context, 'wealth creation' in the UK was not primarily dependent on surplus value from labour in the 'services boom' jobs. Rather, claims on flows of value from elsewhere in the globalized economy, refracted and magnified through 'complex financial instruments', flooded the economy, temporarily funding something like a giant job-creation scheme (or workhouse). The meagerness of real wages from the jobs 'created' this way forced those workers with access to mortgage or consumer credit into systematic dependence on it. (Meanwhile of course, for many others, state benefits and/or high-risk income from the 'criminal' economy remained the only options.) Of course these phenomena were by no means unique to the UK, but the precocious development of the system in this country, the unusual dependence of 'national' and household incomes on the bidding-up of financial assets, corresponds to the relative seriousness of the crisis here [1].

The role of the state in supplementing 'employment growth' through the financial boom in this most deregulated or 'Anglo-Saxon' of economies may be less well known. On November 23 the FT reported that two thirds of the jobs created between 1998 and 2006 'would be classified by most people as being in the public sector'. State employment rates were significantly higher among women and in the regions hardest hit by manufacturing job losses over the last 30 years, with the

North-East at the top of the list. As the Daily Mail commented, "the government has based agencies and set up Quangos such as One North East in the region to tackle unemployment caused by the decline of traditional industries such as coal mining". Which is to say, it's not just a matter of adding to overall job numbers: many of the jobs are directly concerned with processing and policing the unemployed, or otherwise administering coercive 'care' to a disorderly low-income class. The 'public sector' designation here does NOT mean the workers are directly employed by the state, with protected wages, conditions and pensions. The 'public sector' has been drastically overhauled over the last 10 years under the Private Finance Initiative (PFI) system, which installs private contractors (actually often chains of contractors, with one hiring another for each particular function) as 'service providers' in the medical, welfare, transport, housing, education, waste disposal, policing/courts, immigration control and military sectors. The contractors put up the initial capital, which they borrow privately, and they hire employees on typically 'flexible' private sector terms. The state contracts to pay the money back over several decades, thereby indebting itself more than it would otherwise, but keeping public borrowing and spending officially off the books [2], as well as avoiding responsibility for the workers and for any damage done to infrastructure or 'service users'. This arrangement means the myth of relatively safe 'public sector' jobs is likely to disappear quickly, along with a lot of existing 'public services', as the PFI contractors struggle to refinance their private debt. It was reported on January 14 that contractors have failed to raise the initial money for major projects in the last year, with the number of new PFI deals almost halved. On the same day Deloitte published a report calling the crisis an opportunity for 'radical transformation' of the public sector in a 'market-savvy' direction.

Thus the whole configuration of the deindustrialized 'boom' economy, which detached returns on capital from labour income, making the whole edifice dependent on complex financial claims, now ensures that neither profitable manufacturing nor the 'state sector' is any refuge from the crisis. So far there has been almost no sign of a confrontational class response to the crisis as such, either through strikes rioting of the kind seen in Greece and Latvia or even symbolic protest through the 'official channels' [3]. Unions volunteered for wage cuts to save jobs at JCB and Corus; JCB accepted the offer then sacked the workers anyway. This kind of fear and demoralization surely has something to do with average household

debt of £9,600 excluding and £59,670 including mortgages, with the total amount just above GDP at £1,456 billion.

Private capital (apart from banks) has so far deflected hostility by pleading helplessness . In the meantime the state has been asserting itself along all the lines of class confrontation, acting as planner, financier, 'employer' and unemployment/'exclusion' manager. The government's approach to imminent mass unemployment amounts to a buildup of outright war on the unemployed, with new legislation to be passed in spring, pilot programmes in 'socially excluded' areas [4] before the legislation, and full implementation in 2010-11. [5] Private and 'voluntary' sector dole policing and the attack on incapacity benefit, which absorbed hundreds of thousands of unemployed during earlier attacks on the dole [6], are longstanding but until now slow-moving policies. The decision to legislate now, so that the new regime comes into force over the next two or three years, may indicate state planners' idea of the time-frame for the arrival of depression-level unemployment. This timing ensures that full implementation of the new dole policy will more or less coincide with generalized 'austerity' (i.e. shutdown of state-funded reproduction services, users charges for those remaining, regressive taxes), as required by the Treasury insistence that the recent bailout borrowing and deficit spending should have zero fiscal impact in absolute terms, with the budget to be fully balanced again by 2015-16.

All this raises the question: what kind of 'strategy', if any, could be underlying an all-round attack on real wages and the unemployed during a recession in which circulation is atrophied and there is no work available to impose? Is the argument of George Caffentzis and Silvia Federici that the 'Western' proletariat is being prepared for 'Structural Adjustment' applicable, given the difference between (in the case of the UK) a bankrupt ex-industrial economy and those where agricultural/mineral-exporting debt peonage was imposed before full proletarianization ever took place? In this respect the term 'Structural Adjustment' may not fit, but certain capitalists and their intellectuals have been demanding for a long time that the expectations of 'Western' proletarians should 'catch down' with those of the low-wage world.?

What kind of class response can be envisaged, then, if mass unemploy-

ment, semi-employment and pressure on the wages of those still employed throw large numbers of workers into the condition known until recently as 'social exclusion'? In the present context of fear and retreat, this can only be considered the future tense (near as that future may be), or in the form of very open questions.

A crucial general factor must be the development or otherwise of some kind of solidarity between the newly 'excluded' and the so-called 'underclass' already in that position. Closely related to this question is that of the relation between 'permanent' and temp workers. Also, any emerging sense of common interest will have to deal with complex forms of individual and micro-communitarian competition existing on both sides of the line between the (former) 'respectable working class' and the (perpetually) 'socially excluded'. For instance, will shared material experience tend to dissolve or exacerbate animosity around immigration (or the hallucinatory 'common sense' idea of it) and 'ethnic identity'? Could the willingness of many proletarians to fight the state as well as each other over 'race' issues conceivably be turned into class hostility as more people find themselves in the same position across 'ethnic' lines, or must it be manipulated by state, media and 'community leaders' into intra-class sectarian disaster?

More broadly, will drastic change in material conditions be enough to undo a deeply ingrained ideological-cultural assumption that 'getting out' (as in 'out of the ghetto') or 'moving up' individually and competitively (whether as a business owner or a professional) is the only rational aspiration for proletarians? This assumption has been strengthened over decades by real factors: the withdrawal of the basis for survival for the 'working poor', eg. , state pension; relentless official emphasis on 'training' and 'personal development' as the solution to all problems [7]; disappearance from collective memory of any instance of material improvement on a collective basis.

If the stakes and complications of any near-future class confrontation can be conceived this way, perhaps it's possible, even more tentatively, to imagine some factors which might contribute to its outbreak:

New unemployment on a massive scale, coinciding with the introduction of the most punitive dole regime ever. Dole offices are already fraught, violent places; what

will the arrival of thousands/millions of workers unused to such humiliation mean?

Opportunistic employers seizing on the crisis as the chance to finish off long-running labour disputes and recalcitrant workforces. Of course this could also just mean quick capitulation by the blackmailed workers, but might a strike like last year's at the Post Office be taken further in the absence of the illusion of anything to lose?

New redundancies, wage and benefit cuts and shutdown of basic services in areas where strong collective memory of struggle over similar things during or since deindustrialization exists, eg. the North-East (miners' strike, 1984-85), Liverpool (dockers' strike, 1995-98).

Ever-increasing regulation and policing of social reproduction (biometric ID database, Anti-Social Behaviour Orders, state intervention in parent-child relations, etc). This is presented by middle-class campaigners as a 'civil liberties issue', but it really has more to do with attacking the semi-legal or illegal means of survival of the 'socially excluded': 'benefit fraud', informal labour, small-scale drug trade etc. Policing of these things has been used quite successfully so far to provoke division between the 'respectable' mostly-working class and the so-called 'sub-proletariat'. But will it still work this way if a lot more people suddenly find themselves depending on these 'grey markets', or officially 'anti-social' forms of social collaboration, in order to survive?

Based on what I can see right now I'm quite pessimistic in the immediate term, but this doesn't necessarily apply at all to the situation in a year's time.
A class confrontation that looks like a damp squib from the proletarian side at one moment might become explosive not long afterwards as 'objective' conditions come to be experienced 'subjectively' in a more collective way.

January 2009

Update:

At the end of January collective anger and its contradictions burst out in wildcat strikes across the energy industry. At the Lindsey Total oil refinery, workers struck against the EU-mandated decision of Sicilian sub-sub-contractor IREM to

supply 'its own' Italian and Portuguese workers for construction jobs not advertised locally. This action in support of the unemployed would already have been 'illegal' as a 'political' strike, but the Lindsey workers were joined by others at 11 sites UK-wide in doubly 'illegal' solidarity strikes. The strike appropriated Gordon Brown's slogan 'British jobs for British workers', allowing virulently anti-worker newspapers to 'support' it, turning the issue into one of 'nationality'. Strikers insisted otherwise, but after the Lindsey dispute was settled with a deal to hire 100 'British nationals', it's not clear how far their voice was heard. So it's worth repeating that what they said was true. Disastrous as the 'British' slogan was, the conflict is about the undercutting of wages during an income crisis. Collective agreements are not legally binding in the UK, so European workers 'posted' under the European directive need not be paid at the going rate. The Lindsey strikers voted not for exclusion of foreigners, but for identical protection for local and foreign workers, and for international (union) solidarity. Hundreds of Polish workers joined a solidarity strike at Sellafield nuclear plant. Also: employers now say they were provoked into hiring foreigners by ongoing '70s-style walkouts' by workers.

Notes:

[1] Predictions of the scale of economic collapse correspond strikingly to the scale of the last decade's financial asset-driven 'growth', eg. the Chartered Institute of Personnel and Development forecasts approximately 750,000 job losses over the next 18 months: "equivalent to the total net rise in employment in the preceding three years". Oxford Economics attributes the fall in per capita GDP from the top to the bottom of the rankings of "major" economies to "the bust in financial markets". (For more in this vein see:www.wsws.org).

[2] For an account of how this works see David Morrison, 'PFI: is Gordon Brown "financially illiterate"':www.david-morrison.org.uk/pfi/pfi.htm

[3] Exceptions in the UK have included small-scale strikes over wages by London bus drivers, Glasgow 'community service officers', Merseyside council workers, Southampton care home workers, Wembley (West London) pharmaceuticals workers and 'further education' college staff at a number of sites across England. None of

these has been explicitly crisis-related, but striking for wages at this time nonetheless stakes an implicit claim against those of the abstract 'economy' and returns on capital. For ongoing coverage of strikes at all levels see http://libcom.org/ and www.wsws.org/. See libcom.org in particular for coverage of events in Greece, and see http://www.wsws.org/articles/2009/jan2009/latv-j16.shtml for an article on anti-austerity rioting in Latvia.

[4] Glasgow, West Midlands, Greater Manchester, Norfolk and Lambeth (South London)

[5] The most widely-reported aspect of the attack on the 'economically inactive', as proposed in December in the report of Professor Paul Gregg and now on the legislative agenda, is a massive acceleration of the push to move claimants off 'incapacity' (i.e. sickness) and single parent benefits onto Job Seekers' Allowance, which would mean a substantial cut in benefits to £60.50 a week and much heavier pressure to grovel actively for and accept any kind of work going, regardless of things like physical unsuitability or availability of childcare. Less well-publicized but equally explosive is the regime proposed for 'job seekers', based on what Professor Gregg calls 'work-equal activity', i.e. nine to five attendance at privately-run dole offices in order to apply for jobs by computer, under supervision and with regular interrogation by employees of the PFI contractor (who are paid according to the number of people kicked off the dole). Aside from the matter of how few low-wage jobs are found or offered through this kind of formal process, rather than by physically turning up where work is available and/or through informal social contacts, what's really striking is the way treatment of claimants is equated with punishment more openly than ever, just when unemployment is starting to increase out of control. In his mildest language, Prof. Gregg says recalcitrant claimants, e.g. those who show up late for interviews, should be sent 'written warnings', a term borrowed from workplace 'disciplinary' procedure; for repeated offences they should be fined. Even more telling is that Gregg wants 'work-equal activity' to be 'like school detention': i.e. the whole condition of being a benefit claimant should be equivalent to that of a child being punished at school, and the experience should be similar. And furthermore the term now used instead of 'workfare' for forced labour imposed on dole claimants is 'community service', which until now was confined to criminal sentencing. Reinforcing the impression that criminal justice machinery is being imported into

the management of unemployment, if any doubt remained, is the use of 'lie detector' tests on claimants, which has already been underway for a while in some areas, to be 'rolled out' nationally if the 'trials' [sic] are 'successful'. Surprise surprise, they were a great 'success', and the introduction of the system everywhere was announced late in December in the 'Queen's speech', which sets out the government's policy agenda for the coming year. The lie detector software is used on phone calls from benefit claimants: it supposedly picks up anomalies in speech patterns, so that those who talk the wrong way (such as... callers who for some reason find life on £60 a week 'stressful' and can't hide it in their voices? Or...foreigners with strange ways of pronouncing English words?!) can be called in for further interrogation. (For some time now claimants have been forced to contact benefits offices by telephone, regardless of whether they actually have one. This may or may not suggest that the lie-detector was a longstanding plan).

[6] See a series of articles by Aufheben at http://libcom.org/aufheben , in particular the pamphlet 'Dole Autonomy Versus the Re-imposition of Work'.

[7] Thus the aptly-named 'Crisis', a charity that helps state agencies harass the homeless into job training, advertises using the slogan, "we see the person, not the homelessness". It's hard to think of a more succinct way of stating where the state and its 'voluntary sector' allies assume the problem lies.

Some terms used in the texts :

• **Arcobaleno** : Italian 'Rainbow Left' coalition that failed spectacularly in the 2008 elections

• **Capital** : Money invested to make more money. Money is the highest value-form. 'Value-form'? Sorry, ya gonna have to explore that one: the basic principle of capitalist social relations.

• **Embourgeoisement** : Theory of workers moving up into a more prosperous middle class (bourgeois) realm.

• **Gerontocrats** : Older people in positions of power within Government.

• Fictitious Capital (Virtual Money) : Money that is thrown into circulation as capital without any material basis in commodities (i.e stuff) or productive activity (I.e making stuff).

• **Immiseration** : Marxist theory of steady declining conditions for workers

• **Keynesian** : Economist J M Keynes notion of the State stimulating economic growth via means such as cutting interest rates and funding public projects (roads etc)

• **Negrian Perspective** : Autonomist Marxist theory that what the capitalist class does is in response to the fightback of workers (as opposed to the other way round!) as popularized by Tony Negri.

• **Neoliberal** : Globalisation of free market capitalism – privati-

sation (water, healthcare, education etc), globalised workforces, anti-unions, cuts in social spending and basic subsidies (fuel / food), bringing in private investment, etc. Basically more robbery in disguise!

• **New Deal** : US measures taken in 1933 to combat the Great Depression. Massive public works and large-scale loans to bring down unemployment and stabilise the economy.

• **Partito Democratico** : Italian Democratic Party, a centre-left coalition.

• **Polanyi** : Interesting Hungarian political economist. Google him for details. No space!

• **Primitive Accumulation** : Basic capitalist robbery of land, resources and so on via introduction of free market economies, creation of new workforces (eg. in the Third World) or by running existing business into the ground (eg UK or US).

• **Standard & Poor** : Financial services company providing credit ratings (and more) to business and government. Influential on world investment and risk.

•**Subprime** : Essentially predatory mortgage lending to people with not enough to pay back the loans. These debts are then sold on to others in an obscure cycle of circulation and profit.

• **Trotskyist Parties** eg. In the U.K, Socialist Worker Party, Workers Power etc. Vanguard parties that will lead the revolution for us without even asking first. No thanks, chaps!

Modern Ecologism and its Prospects

> *It is a campaign not for abundance but for austerity. It is a campaign not for more freedom but less. Strangest of all, it is a campaign not just against other people, but also against ourselves.*
>
> -George Monbiot, Heat, 2007

The world is ending and we have to do something. Quite apart from the same appalling reality we've grown to expect in these past centuries – total war, mass murder, the starvation and illness of poverty, the relentless, brutal emptiness of everyday life and the bitter half-memory of countless revolutionary waves defeated, dispersed – quite apart from all of that, we are told, we face a disaster of colossal proportions, a species-emergency, a modern apocalypse. And we have to do something. Club together; forget old differences; fight this heroic battle for nature, for the species, for – no: against, says Monbiot – ourselves. Against ourselves.

But all of this is necessary, we are told. Human industry has had its gleeful ascendant period, but now the price must be paid. The analogy they would like us to think of is Icarus, swooping up towards the sun with wings whose limits he does not grasp, and whose dissolution will be his death. Say the ecologists, if we fly too high: shot through with pleasure though it is, we must regrettably swoop lower again. (The wings, needless to say, damaged by the sunlight, will take a great deal more effort to power from now on.)

This analogy cannot hold. Because ultimately the 'we', the 'us' appealed to by Monbiot and his ilk, their wilful Icarus who now has to grow up and learn to be responsible, does not exist. Monbiot will admit this, and talk about capitalism as a distorting force which must be constrained; and he will talk about the state (or perhaps some future state) as the means to effect this constraint. He will talk about how it is the rich who cause climate change, and so the rich who must take the burden.

But the state is not 'us' any more than the market is. We bitterly remember two million tramping London streets, the decade-long Thatcherite war of attrition, the horrors inflicted on the third world in the name of neo-liberalism, of Progress; we remember these things and we remember the first time we felt betrayed by those in whom we had once, perhaps, placed our trust. The time when we learnt that what politicians say is not the whole story, that they say and do in different worlds, that spoken words are lies covering brutal acts of economic necessity, in the National Interest which is as much a lie as anything else poured from fetid, hateful maws. We are young, many of us, and have lived little; some of us are older and have forgotten. But these memories are ours, not theirs, and it is up to us to recover them. Half-memories will not do if we are to succeed.

So, remember: the state is not 'us', any more than is the market; rather, the state – all states, in this modern global capitalist economy – are above all bound to serve the interests of the market; for, without maintaining a good environment for 'capital accumulation'[i] any modern economy would

[i] 'Capital' can very inadequately be said to be money which exists to be invested in the production process. Under capitalist conditions it is such investment that initiates, shapes and concludes the production process. Exactly what capital is, how it functions in modern society, and exactly the structure of the economic imperatives referred to above is a question about which millions of words have no doubt been written. Libcom.org has a good short introductory text at libcom.org/intro/capital, and the libcom library is full to the brim with texts on the question. Marx's Capital and Rosa Luxembourg's The Accumulation of Capital are the two great classical works on the subject; the journal Mute (online at metamute.org), has published some excellent, accessible essays in its latest two issues on the interaction between economy and modern politics.

soon collapse. That means: the state acts in the interests of the market, and, on pain of collapse, cannot act otherwise. The state, we might say, acts in the interests of capital.[ii]

And here we can return to the question of ecologism, of our New Green Apocalypse. These next years will see the present river of words form into a raging torrent. And many of these words will be the authentic, concerned pub mutterings of the flooded and the hurricane-hit, wondering what might be done. But there are forces concerned to harness this human misery, and put it to practical use: they are damming the Yangtze, and the communities behind the dam are going to have to live with it.

Because there are two green apocalypses: there is the one the scientists of the IPCC[iii] tell us about – human-caused, carbon-driven global warming, with catastrophic tipping-points – which is the same one which we will be forced to experience as individuals in the form of violent storms, water wars, droughts and all the rest. Then there is the apocalypse the government will refer to in its policy announcements, will utilise as ideological cover for the business-as-usual of capitalist modernity: attacks on real wages and conditions, the imposition of work discipline and military intervention to sustain global economic stability and growth.[iv]

It is in this light that we can begin to answer the question posed in the title: what are the prospects of modern ecologism? The trouble it faces is that something must be done, and only one sort of body seems to be in any place to do it – the state. This creates a powerful pull towards appeals to state agency: calls which can only reinforce that agency across the board, providing it with more and stronger ideological tools to pursue the same old strategic goals. The difficulty faced by any group trying to effect meaningful change in the present climate is how to do it without this sort of state appropriation of the rhetoric and symbolic power of the campaign for its own interests, often against the will of the campaigners.[v]

The question we have to ask ourselves, then, is where the modern green movement stands in relationship to this stark division between the crisis and its ideological use. The most recent manifestation of this movement was at the 2007 Heathrow Climate Camp, and even a cursory examination of the event, its literature and of various reports[vi] demonstrates the complexity and

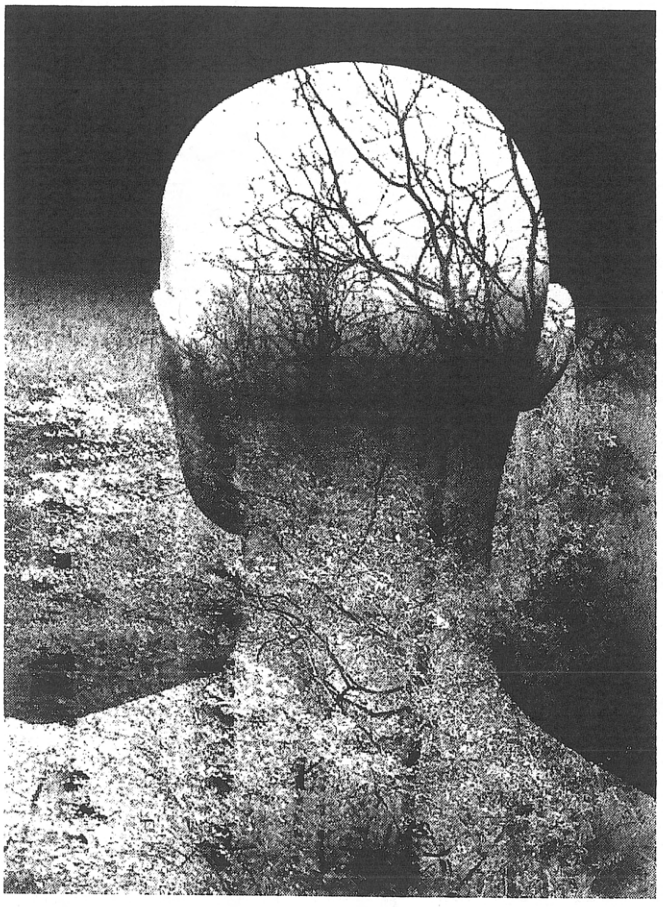
[ii] It is important to emphasise that this does not mean that state policy can at any given point only take on one form on pain of failure. Rather, the ideological commitments of the state mediate, or transmit, communicate but shape at the same time, the imperatives of capital. Thatcherite policies are different from Chavismo, but ultimately (ie in the end) both are coerced by the needs of the economy.

[iii] The Intergovernmental Panel on Climate Change (ipcc.ch), a UN commission of scientists which recently issued its latest report, outlining the imminent catastrophe in global climate. Worth looking over.

[iv] This is not to say there will not also be sincere attempts to secure carbon-neutral energy sources, although this will probably be motivated as much by a desire to detach our economy from unstable middle-eastern and Russian oil sources as by a long-term interest in 'saving the world', an objective it is very difficult to get markets to care about. George Caffentzis's article in Mute 5 (http://www.metamute.org/en/Apocalypse-and-or-Business-as-Usual.-The-Energy-Debate-After-the-2004-US-Presidential-Elections) has some very interesting observations on this topic.

[v] This has recently happened, for instance, with the Make Poverty History march at the Edinburgh G8, which was very poorly defended (arguably intentionally) against this sort of strategic appropriation. The state made very good propaganda out of their policy responses at the summit, as part of a political cover for the continued neo-liberal subjection of the third world to capital by 'structural adjustment'.

[vi] Found on indymedia.org.uk and solicited on the libcom forum, especially http://libcom.org/forums/thought/climate-camp-questionnaire-viability-green-liberalism-23082007.



uncertainty of the movement at present.

On the one hand, Monbiot and his crowd were prominent, especially in their natural domain the media, in demanding immediate and drastic state imposition of austerity measures. Monbiot's undoubtedly sincere desire to make the rich take the burden is regrettably unencumbered by a class analysis or a critique of state power. He and those taking his lead will find their present political work transformed before long into the ideological basis for political attacks on the working class. The anti-flight group Plane Stupid can also be – arguably more straightforwardly – grouped under this objective role.

On the other hand, the dual function of the camp as simultaneously against aviation in general and against the new runway at Heathrow in particular gave rise to some interesting counter-currents. Local communities campaigning to prevent the expansion – which would lead to the demolition of whole towns – proved extremely supportive of the camp as a whole, which gave their campaigns a media profile they couldn't previously have hoped for. How far there was any real alchemy between the two groups – how far they transformed one another's perspectives and practices – will of course only become clear in the coming months; but initial reports are encouraging.

Along similar lines, the banner which lead the main bloc on the day of action read "Social Change not Lifestyle Change", and this admirable slogan was reflected in a well-attended visit of 60 climate campers to the picket of striking Heathrow workers, which was apparently appreciated and reciprocated by a visit to the camp by some of the workers and their families.

This last is particularly encouraging. The challenge, for those who recognise the risk of state appropriation of a green politics built at the grassroots, is to keep their hard work out of state hands. In the Call, reviewed in Last Hours #15, the anonymous French authors call for what they call 'secession', which is, 'Less a practical refusal to communicate than a disposition to forms of communication so intense that, when put into practice, they snatch from the enemy most of its force.' This is an important formulation of an old idea: that mere speech can be stolen with the greatest ease by media and state for their own ends; that what is needed is a form of struggle, which is capable of reinforcing its hold on power, winning cumulative victory after victory, rather than spending itself on a partial campaign whose 'victory' is guaranteed by the inevitable just-adequate concessions of the state. Such campaigns which, too isolated and uncertain, are easily flanked and routed by adept state planners, official and otherwise; their weapons too easily captured.

The starting foundation that suggests itself, today as much as two hundred years ago, and despite the 80s, is class struggle. It is an old topic, too large and – sadly – too controversial to take up properly here. But I offer it up, here, to be considered: the state, which is always – directly or indirectly, as guarantor – engaged in material attacks on the working class, will sooner rather than later begin to utilise the Green Apocalypse as a disciplining mechanism. Insofar as it acts to

suppress climate change, the state will seek to pass on the cost of those measures to the working class. This will take the form of economic attacks. This, I suggest, will provide the foundation for an ecologism capable of the sort of long struggle that is necessary, demanding that the rich and the state absorb the cost rather than passing it down.[vii] It is a question, I believe, of doing what we can – as those already committed and more-or-less organised – to articulate, ahead of the mass formation of such class resistance, a proletarian ecologism, and to prepare ourselves for the necessary practice to spread such a critique.

I would be glad to be proven wrong, but as it stands it seems to me the modern green movement, despite encouraging superficial signs at the last Climate Camp, is structurally bound up with the state to such an extent that directly to build political support for it is, for now, to do the state's work for it in the broader class struggle. No, it is better to bide our time, refuse directly to build for green politics per se, and in the meantime, do whatever "increases the confidence, the autonomy, the initiative, the participation, the solidarity, the equalitarian tendencies and the self -activity of the masses and whatever assists in their demystification." (Solidarity, As We See It); That is: prepare the counter-attack.

There is a genuine crisis in global ecology, one which threatens to eradicate human life and snuff out a flame which has as yet only stuttered, nervously, into being: the full dawn of human potential – our species mistaken for a gleaming sun, rising for the first time on a strangely alien landscape – has been a dream for centuries. Monbiot's columns (monbiot.com) are an excellent way quickly to acquaint oneself with the depth of the challenge facing us, and the measures that are likely to be necessary.

There is not likely to be a revolutionary alternative to state reforms of the economy available on the timescale the most up-to-date science is showing us[viii]. But any solution (if any be possible at all) mediated by capital and the state will mean – unless the class is able to enforce its own interests, and make the state and capital absorb the cost – the increased dispersal and exploitation of working people all over the world, and stringent cuts in the real wage. The old dynamics of war and empire will not go away either, and the third world will continue to languish.

We have described two apocalypses: Both green; one real, the other symbolic. We should counterpose another, our own: a red apocalypse, suppressing those social relations which keep us bound in an everyday existence of alienation, war, suffering. To successfully organise a class response to the statist green austerity on the horizon moves us closer towards that ultimate goal. Conversely, if we accept the dispersal of the one force able to break those chains – us, ourselves – in the name of Necessity, Humanity, then we consign ourselves to an infinite future of this same, sordid world.

We must hope for more.

[vii] This could take the form, for instance, of demanding that if flying must be suppressed, it ought to be rationed, not (regressively) taxed; and that the loss of air travel be paid for by the mass subsidy and improvement of public transport, and the legal extension of paid leave to incorporate new, longer travelling times.

[viii] Monbiot's essay in the latest New Left Review, (http://www.newleftreview.org/?page=article&view=2672) is a good survey; his column 'A Sudden Change of State' (http://www.monbiot.com/archives/2007/07/03/a-sudden-change-of-state/) is also worth a look.

ECONOMIC CRISIS AND CLIMATE CHANGE

Last night I gave a short talk on behalf of We Won't Pay For Their Crisis to the Climate Chaos Cafe at The CommonPlace. There's nothing staggeringly original in it, but it does contain some nice insights harvested from all over the place (some chunks were lifted verbatim from the latest issue of The Commoner and libcom).

WHAT DOES THE ECONOMIC CRISIS MEAN FOR THE CLIMATE CHANGE MOVEMENT?

We are in the middle of two crises, the climate crisis and the economic crisis. Although we seem to treat them as separate, I'm going to argue that they are completely entangled. Tackling one without tackling the other is impossible or fruitless. But the connections are complex and shifting, so I want to first give a quick overview of how the economic crisis arose, before probing a little deeper…

60 YEARS IN 60 SECONDS

To understand the current economic crisis (and the collapse of what we call neo-liberalism, the most current phase of capitalism), we have to understand how it arose. And for that we have to go right back to the end of the Second World War. The post-war productivity boom was based on a 'deal' of higher wages in return for improved productivity – those were the days when we were told "you've never had it so good". But by late 1960s this period of growth was being derailed by a wave of strikes and global unrest: in the workplace there were a growing number of struggles over time & quality of life (rather than money), while there was an explosion of anger from those excluded from this deal (i.e. anyone who wasn't a white, skilled, male factory worker).

In the face of this, the post-war settlement was killed off in the mid- to late-1970s by a capitalist counter-attack which laid the foundations for 'neo-liberalism'. You can pick any number of key moments – the coup in Chile in 1973, the defeat of the US air traffic controllers strike in 1981, or the defeat of the miners in 1984/5 in the UK. They were all part of a much broader systematic strategy, which played out here like this.

First, the old centres of workers' militancy (mining, manufacturing) were dismantled and outsourced to low-wage economies overseas. In the UK in 1971 over 70% of people were employed in primary industries (like mining) or manufacturing, today over 70% of workers are in the service sector.

Second, the banking sector was massively deregulated. All sorts of complicated 'derivatives' markets were created. When this started to unravel in summer 2007, it ultimately resulted in the credit crunch – because no-one knew what all these pieces of paper were really worth.

Under neo-liberalism, wages were driven ever downward. I'm not alone in the fact that every pay rise I've had over the last 15 years has been below the rate of inflation. But while this boosts profits, the problem is that it keeps consumer spending (= economic growth) down. This problem was 'solved' by extending massive consumer credit, based mostly on rising house prices. This gave us the spending power to purchase all those lovely commodities coming out of the new manufacturing centres in the Far East and elsewhere. Hence the anomaly where our living standards in the UK rose at the same time as our wages as a proportion of profits kept falling.

Without primary industries or manufacturing the economy came to rely more and more on the banking and financial sector. This sector was in turn heavily reliant on rising house prices: complicated 'mortgage derivatives' were one of the major assets held by the big banks. So when the housing bubble burst, everything started to unravel – banks teetered on the brink of collapse, credit dried up, and the economy nosedived.

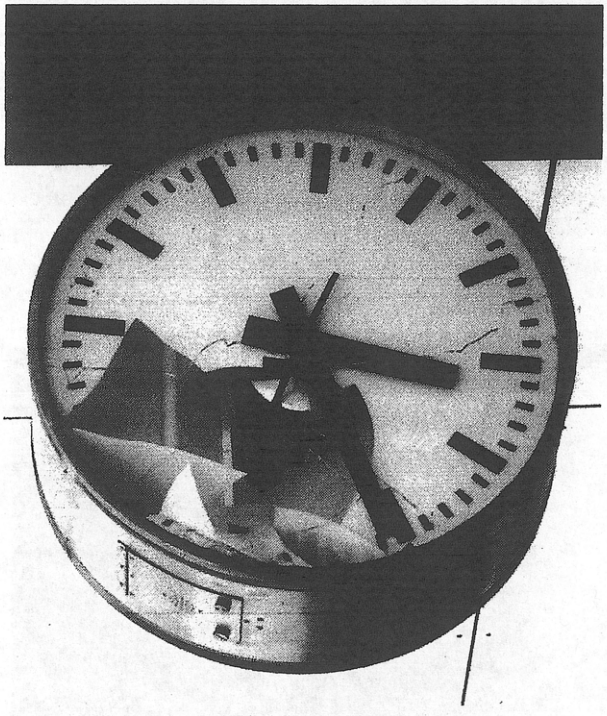
We are in uncharted waters. Despite comparisons to 1929, this level of collapse is unprecedented. How things pan out is of course partly down to us. But we don't need a crystal ball to predict the storm that's coming: in the UK, we're already facing redundancies, wage cuts, benefit cuts, wage cuts, public service cuts, repossessions & evictions. Globally, there is mass social unrest on the horizon: workers laid off from thousands of factories in China have taken to the streets; food riots exploded in over 30 countries across the globe this time last year; and in the last few months we've seen violent battles in Latvia, Bulgaria & Iceland, not to mention Greece, Italy and France…

WHAT HAS ALL THIS GOT TO DO WITH CLIMATE CHANGE?

Obviously at a superficial level, there's a shift of focus away from climate change, both for us as citizens/campaigners/workers/claimants and for NGOs and local and national government. Plus we now have to deal with the fact that a huge slice of public funds have been diverted into propping up financial institutions.

But we need to dig deeper. We talk about it as a "climate crisis" but from the point of view of capitalism (seen as a thing, an endlessly expanding dynamic system) it's actually an energy crisis. And it's an energy crisis that capital has to tackle in order to re-launch a new cycle of accumulation. This isn't something new: the idea of "limits to growth" were an endless headache for capital in the mid-1970s before neo-liberalism took hold and unleashed new levels of exploitation.

In fact energy in its widest sense has been a permanent problem for capitalist development. Capitalism is an exploitative, ecologically destructive system but it is also incredibly dynamic. 300 years ago, when it faced down a similar twin crisis of a rebellious population and ecological crisis, its salvation was coal. Unlocking these carbon resources played a crucial role by allowing capital to substitute machinery for our labour, at a price that could sometimes be fixed years in advance and without risk of strikes, sabotage or go-slows.



It's impossible to think about patterns of energy consumption, and therefore about global warming, without thinking of those social relations – capitalist social relations – that have shaped those patterns. The collapse of neo-liberalism and the climate crisis are intimately linked – so much so that they're almost impossible to separate.

This isn't necessarily a bad thing, for us. At the back of much of the talk around climate change has been the idea that if we can just get people to accept the thesis of "peak oil" or "global warming", then we will be able to magically pass into a different sort of world. As if we can switch off a carbon-based economy without also switching off the material social relations that surround it. As if the relentless drive for economic growth is some sort of mad aberration that we can turn off, or tone down. It's not. There is no accident. There are structural causes at work here: the way we

reproduce ourselves socially is bound up with the way we reproduce ourselves economically and the way we reproduce ourselves ecologically. But – and this is the key thing – the global financial meltdown could lead to a recomposition of social forces that would enable the rapid switch-over we need.

To get that right, I think there are four related areas worth thinking about:

1. HOW DO WE THINK ABOUT TIME?

By this I don't simply mean what time-scales are we thinking about, although they are also important.

There's a time lag in the economic crisis which mirrors the time lag in climate change

- the first cracks in subprime sector began Aug 2007 = implosion last year
- credit crisis from last summer = redundancies & layoffs now
- £500bn bank bail-out last autumn = massive public sector squeeze for the foreseeable future

This disconnect makes our responses very problematic – by the time we act, it may be too late. But there's an even more important aspect to this time lag. Neo-liberalism has been built on a massive expansion of debt. By mortgaging our futures (in the case of pensions quite literally) we've been able to put off dealing with the fact that a few are reaping massive profits on the back of our falling wages. The same deferral, the same displacement of antagonism into the future, has also been going on with climate change. Except as we know that process is non-linear: once we reach a tipping point, change will be irreversible when it comes time to pay.

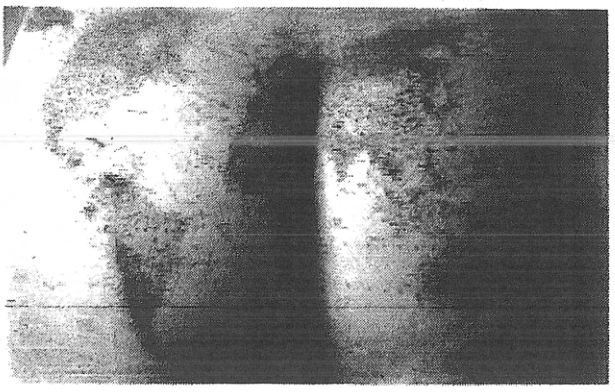
This leads into a deeper connection. Capitalist social relations are based on a particular notion of time. Capital is value in process: it has to move to remain as capital (otherwise it's just money in the bank). That moving involves a calculation of investment over time – an assessment of risk and a projection from the present into the future. The interest rate, for example, is the most obvious expression of this quantitative relation between the past, the present and the future. It sets a benchmark for the rate of exploitation, the rate at which our present doing – our living labour – must be dominated by and subordinated to our past doing – our dead labour.

It's hard to over-state how corrosive this notion of time is. It lies at the heart of capitalist valorisation, the immense piling-up of things, but it also lies at the heart of the production of everyday life. To paraphrase George Orwell, if you want a picture of the future, imagine a cash register ringing up a sale, forever. This is true at all levels, whether for capital's planners meeting in Davos or for us trying to make ends meet.

But this is the deeper meaning of the meltdown: just like global warming, it has brought the future crashing into the present. Interest rates are now effectively below zero. We have reached a singularity. Capital's temporality depends upon a positive rate of interest, along with a positive rate of profit and a positive rate of exploitation – all that has collapsed. And just as with climate chaos, the debts are, quite literally, being called in.

2. HOW DO WE THINK ABOUT CHANGE?

The word 'crisis' has its origins in a medical term meaning turning point – the point in the course of a serious disease where a decisive change occurs, leading either to recovery or to death. So capitalism may be in crisis, neo-liberalism may be over, but that doesn't mean we've won. Far from it. Crisis is inherent to capitalism. Periodic crises allow capital to displace its limits, using them as the basis for new phases of accumulation. In that respect, it's true to say that capitalism works precisely by breaking down. But that's only true in retrospect – after the



resolution of the crisis. In fact crisis is mortally dangerous to capital, because it means an openness to other possibilities.

The critical instability we're living through offers a chance for a phase transition, a rapid flip from one form of social organisation to another – or to many others. From capital's point of view, it's exactly this sense of openness, of possibility, that needs to be closed down. At the three major summits this year (G20 in the UK in April, G8 in Italy in July, and COP15 in Denmark in December), world leaders will be looking to contain things, to rein in our desires, and draw a line under the events of the past few months. "Move along now, there's nothing to see here…" Every 'solution' that's touted at these summits will also be an act of closure, an attempt to reintroduce capitalist temporality, one that sees the future rolling out inexorably from the present. In other words, get back to work: normal service will be resumed as soon as possible.

We have to do a fine balancing act here. On the one hand, as recession deepens, we'll resist any measures that restrict our immediate freedoms. That might mean pushing for 'solutions' that are slightly less damaging, and which may therefore help capitalism off its sickbed. Individually we may accept pay cuts rather than risk redundancies (although historically one doesn't rule out the other). Similarly, the catastrophic build-up of greenhouse gases needs us to act quickly and decisively.

But on the other hand our greatest chance of something different lies in keeping the crisis ongoing, in keeping the future *open*. So we also have to resist the pressure from capital's planners for a quick fix, whether at the G20 or at Copenhagen. As soon as crises are 'solved', our room for manoeuvre is diminished.

3. HOW DO WE RELATE TO THE MARKET?

As crises are closed down, the way the question is framed moves back on to a safer terrain for capital. We drift back into that temporality.

Climate change becomes a matter of carbon trading, or investment, rather than circulation of capital. It becomes a question of technical solutions and national/international policy decisions. Funnily enough, as climate change becomes the major topic at summits, it becomes fundamentally depoliticised. It's easier to debate carbon parts per million in the atmosphere, rather than ask ourselves what sort of worlds we want to live in

It's the same with the financial meltdown. Since last summer, it's gone from a "banking crisis" to a "credit crunch" to an "economic crisis" to "negative economic growth" to "recession". For months the use of the word "recession" was discouraged on the grounds that it would become self-fulfilling. But if there's no name to what we're living through, it can't be normalised. And if it's not normal, then we can behave exceptionally… So it's officially a Recession.

We can see this move from "crisis" to "recession" in another way: a crisis *for capital* has become a crisis *for us*. Costs are shifted on to us. The massive bail-out of the banking system in the UK and the US is just the tip of the iceberg.

And it's exactly the same with climate change. It's obvious that costs of climate change are met disproportionately by the poor: globally it's the poor who are most at risk of flooding, spread of disease, crop failure, resource shortages etc. And without a structural change, the costs of alleviating climate change will also be met by the poor. Three examples: green technologies are likely to remain expensive, so the poor will be shut out and forced to use "dirty" energy; agrofuel schemes which are still being forcibly rolled out across the global South (and in the US) in the face of widespread opposition; increasing enclosure of common land in the name of "conservation", driving people away from resources that they have traditionally worked in order to sustain themselves. And in fact, as well as excluding the poor, all three have disastrous environmental consequences…

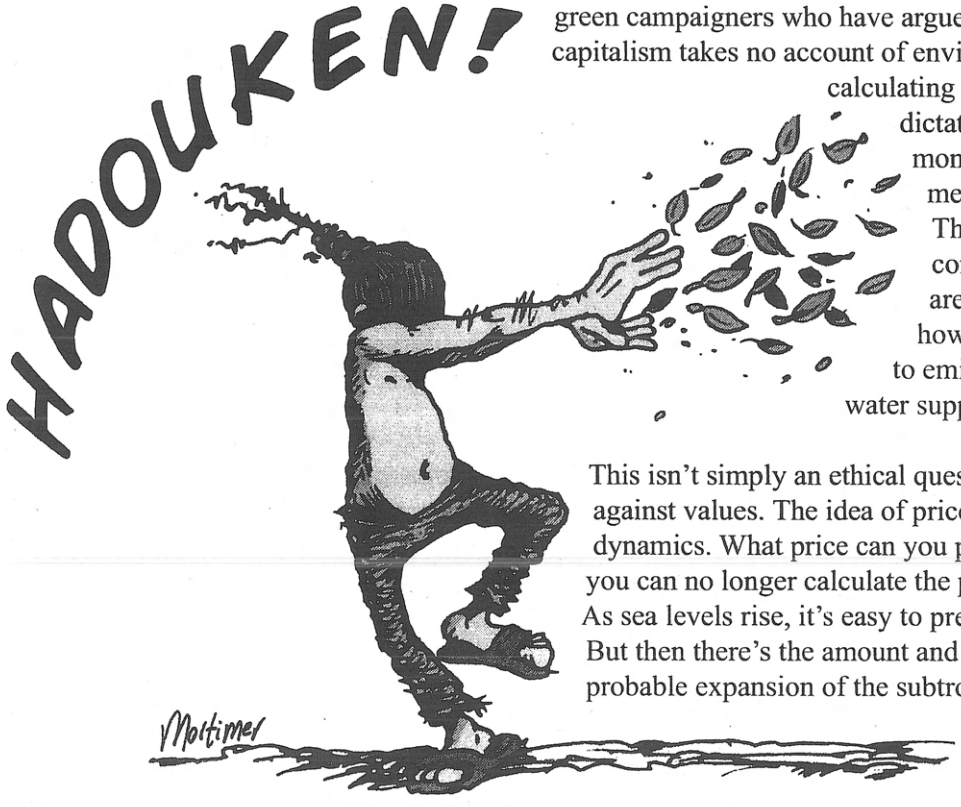
If we frame the question in this way, if we support attempts to resolve these crises through the market, and through the state, then we run the risk of engendering a green Keynesianism. In other words, a new regime of capitalist accumulation based on any combination of renewable energy, nuclear power, so-called clean coal or agro-fuels. It's easy to see how this could make sense. You start off with the idea that in terms of life on earth "we're all in it together"; but we need to save the economy first to enable us to have the resources to tackle the challenge…

In fact, far from being a 'problem' to overcome, the hope is that climate change may actually become a primary source of revenue to solve the massive fiscal problems faced by Europe and the US (but not those of the global South). Renewable energy, for example, is a huge growth sector, where demand far outstrips supply. And according to the head of UN Climate Change Secretariat: "The credit crisis can be used to make progress in a new direction, an opportunity for global green economic growth… it is an opportunity to rebuild the financial system that would underpin sustainable growth … Governments now have an opportunity to create and enforce policy which stimulates private competition to fund clean industry."

Or as the European commission President puts it when the EU signed a new climate change deal in December "We mean business when we talk about climate".

But if the key question isn't *whether* we shift away from fossil fuels, but *how*, then framing the answer in terms of the market and growth is a huge and explosive contradiction.

The problem of adopting the market as a frame of reference is that capital monetizes everything, it turns everything into money. And with financialisation, that trend has become even stronger. Under neo-liberalism, one of the most important roles of the state, locally and globally, has been to impose "good governance". In other words, to reinforce the idea that every problem raised by struggles can be addressed – on ONE condition: that we address those problems through the market. There's a solution for everything, as long as we buy it. Or rather as long as 'we' (meaning the world's poor) pay for it. If neo-liberalism had a slogan, it would be "stop me and buy one".



Ironically some of the pressure for this has come from green campaigners who have argued, correctly, that capitalism takes no account of environmental costs when calculating price. But under the dictatorship of the market, money has become the measure of all things. The market tries to make commensurable things that are incommensurable. But how can you 'sell' the right to emit carbon? Or to poison water supplies?

This isn't simply an ethical question, one of value against values. The idea of price is also based on linear dynamics. What price can you put on something when you can no longer calculate the probable outcome? As sea levels rise, it's easy to predict coastal flooding. But then there's the amount and pattern of rainfall, a probable expansion of the subtropical desert regions, Arctic shrinkage and resulting Arctic

methane release, increases in the intensity of extreme weather events, changes in agricultural yields, modifications of trade routes, glacier retreat, species extinctions and changes in the ranges of disease vectors… Put that in your calculator.

4. HOW DO WE RELATE TO THE STATE?

With neo-liberalism in crisis, and the threat of irreversible climate change, the state's role is going to become increasingly crucial. A de-carbonised global capitalism is not impossible. But it will require even higher levels of "discipline". Austerity will have to be enforced on a massive scale.

As I said earlier, capitalism is value in process – like a shark, it needs to keep moving or die. But this drive to self-expansion means it needs an ever-increasing energy base. Let's look at it from the perspective of capitalism. The logic of capitalist growth is that it will always seek to externalise its costs. If we imagine there's a three-way relation between capital, us and the environment (although none of these three things are actually discrete), then limits enforced in one sphere re-surface as intensified exploitation in another. If capital can't rob one, it will rob the other. Leaving the coal in the hole, on its own, means more energy sucked from our bodies…

Let's not forget that the last capitalist era of renewable energy (the age of sails and windmills) was also a time of slavery, genocide and enclosures on a massive scale

CONCLUSION

There are no easy answers here. The ground on which we're fighting is shifting far too fast for that. But one thing to bear in mind is that movements rarely take straightforward forms.

In 1905 the Russian revolution which threw up the first Soviets began with a small strike by typesetters at a Moscow print-works: they wanted a shorter working day, a higher rate of pay, and the right to be paid for apostrophes. In France the uprising of May 68 was sparked in part by a student protest which began in Nanterre with a fight over demand for boys to be let into girls' dormitories…

Last week a wave of wildcat strikes swept through UK oil refineries. They were hugely controversial, unpredictable, and came out of nowhere. Who knows their long-term meaning? And is it a coincidence that they happened in the energy sector?

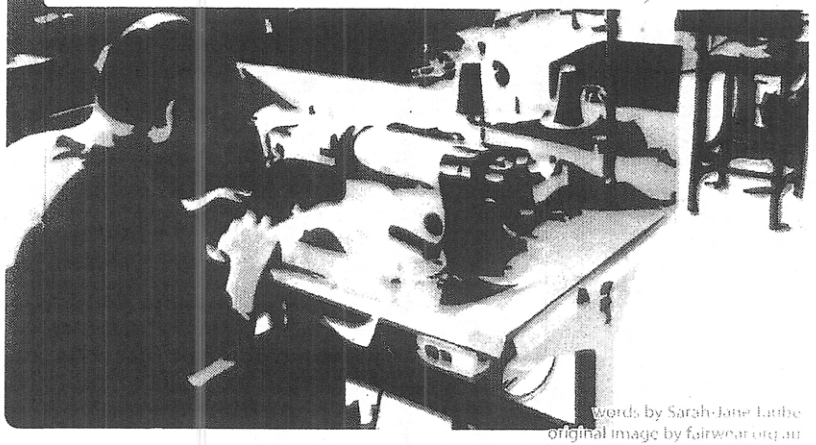
What I'm trying to say is that real powerful interventions around climate change may well come from people and areas who don't explicitly identify with climate change politics. They may take the shape instead of food riots, struggles against property developers, fuel poverty campaigns etc

There are two key points of intervention coming up. On 2 April the G20 are meeting in London's Docklands. There'll be a Climate Camp in the Square Mile in the City of London on 1 April. Then in December Copenhagen sees the United Nations Climate Change Conference (COP15). There's a huge mobilisation underway amid an ongoing debate about what attitude we should adopt. Inside? Outside? One foot in? It's been given added significance because will be almost exactly 10 years since the WTO shutdown in Seattle.

Before that, We Won't Pay for Their Crisis are having a meeting on Saturday 28 February. It's called 'We are an image from the future' and we will be picking up some of these themes and trying to relate them to recent events across Europe.

Fashion Conscience:

Australia's new wave of fashion savvy



Words by Sarah-Jane Laube
original image by fairwear.org.au

Most outworkers have migrated to Australia in pursuit of a better life. They hope to find better jobs than working in the dreary factories of their home country. Instead of the promised land of opportunity, many are forced to become outworkers. They work for contractors who use bullying tactics to prevent them from receiving a fair wage with adequate working conditions. These outworkers become the silent sufferers of a vicious cycle.

Outworkers, or homeworkers, are usually women from non-English speaking backgrounds who labour over sewing machines in poor and cramped conditions, desperately trying to fill insurmountable orders for well-known chain stores. They generally earn about $3.60 per hour and work up to 19 hours a day.

FairWear Australia is dedicated to protecting outworkers and fighting for changes. Their website details many of the outworker's sad situations.

Leaving Vietnam for a better life, Hong arrived in Australia only to get employment as an outworker. She says she became an outworker because she needed money to look after her child. She has been an outworker for 22 years and hates it. "The worst thing about being an outworker is I had no sick pay, no holiday pay, no superannuation," she says.

"I hope for better working conditions and better pay. The Government needs to change the IR laws. Australians need to support the TCFUA (Textile Clothing and Footwear Union Australia), fighting for changes," Hong says.

Winnie from China, first worked in a sweatshop, then started working from home when she had her second child. "I want to give up sewing, but I don't have any choice about getting another job. Even if I can only make $100 to $200 in a week—that is very important income for my family," she says.

Winnie wants to speak out so that others would understand the outworkers' situations and the conditions in which they work. "I want the government to take steps to stop this exploitation," she says, "They must force the retailers to take responsibility for the clothes they sell. I don't want my children to experience the same injustice I have."

The movement to eradicate the exploitation of outworkers in Australia has been gaining momentum since the late 1990s. Organisations such as FairWear Australia have been campaigning to change the conditions of outworkers and are lobbying the government for laws which protect outworkers' rights.

Karrina Nolan, an active campaigner with FairWear since 1997, says that it's the loophole in the current legislation that prevents outworkers from seeking fair wages. "The loophole means that they are considered contractors and not employees, which means they don't get entitlements like sick leave and holidays," she says.

"There is separate legislation in each state which is meant to cover that, but there needs to be a federal law which will be upheld," Nolan says."We need to nationally recognise that outworkers need protection and make sure that the industry is held accountable".

Public involvement is essential to the continuation of organisations such as FairWear. Campaign Coordinator of FairWear Victoria, Daisy Gardener, says that since 1996, FairWear has been sustained because of interest from the general public.

"We've maintained interest over the years because the conditions for outworkers haven't improved substantially," Gardener says, "New laws have been introduced but haven't had enough of an impact for our campaign to become redundant."

Gardener says Australians do show concern as to where their clothes come from. "They pay a good amount of money for those clothes and want to make sure that it's going to the people that make it."

Society has been developing a social fashion conscience for some time now. With the onslaught of information now available about where clothes come from and how they are made, Australians are starting to make a conscious effort to buy ethically. We are used to hearing about cheap labour used for brands such as Nike, and have finetuned our consumer habits to buying Australian made products. We assume this guarantees a product that has been ethically created. Yet we shouldn't be so easily fooled.

As recently as November 2006, TCFUA alleged 11 fashion labels have been exploiting outworkers. At the time of print, the legal proceedings were beginning in the Federal Court.

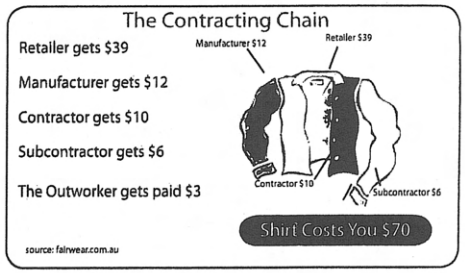
Gardener believes that it's a natural progression of our social conscience. "With well known brands like The Body Shop for cosmetics, people are beginning to take that next step and look at their clothing," she says, "It's really shocking what's been happening and the conditions that Australian outworkers work in."

"It's time to shop ethically and support clothing stores that have been accredited with the Homeworkers' Code of Practice." Many Australian fashion companies have been accredited by the Code, and many more are seeking to join.

Such awareness is brought about through the work of organisations like FairWear which have educated communities about the current outworker injustices and continues to gain momentum and support from the general public.

Over the last few years the fashion and consumer industries have been working towards educating people about their choices when it comes to clothing and what it is they are really purchasing. Switch radio announcer, Hannah Birchley, said that the issue of outworkers is unacceptable and the public should get involved. "If we buy ethically made and pressure retailers to sign the code then we can make a difference," she said.

It is only through public support that these campaigns are successful and the government is beginning to take notice.



The Sharehood and their Local Currency

www.thesharehood.org

The Sharehood is a means of connecting neighbours into local communities and local economies. It all starts when one neighbour visits www.thesharehood.org and modifies the draft letter available there, and letterboxes their neighbourhood.

Social events such as picnics, bbqs, potluck dinners, really really free markets, garden working bees are organised as a way for neighbours to get to know one another. As people begin to feel comfortable with one another, they give and receive favours. The website encourages this through the listing of skills and resources that neighbours have to offer or lend. Everything from lending tools, cars, vacuum cleaners, kid car seats to fixing up each other's bikes, babysitting and sharing compost heaps is already happening. Anything is possible!

The Sharehood also has its own local currency for use between neighbours when the job to be done will take too much time to be easily reciprocated later. The aim is to create a vibrant local economy that uses a currency which is ethical and has the potential to shift production and consumption out of the mainstream capitalist economy and into local communities that can care for themselves without anyone being exploited.

Samaras – The Sharehood Trading System

The Sharehood trading system is based on a Local Exchange Trading System (LETS), in which money is created by neighbours as they work. So when you do your hour of gardening, and one of your neighbours is happy to pay you 20 samaras for it, that money is created. All that has happened is that your neighbour now has a debt of 20 samaras to the system, and you have a surplus of 20 samaras from the system. You can spend your surplus with anyone else in your neighbourhood, and likewise your neighbour can pay off their debt to the neighbourhood by working for anyone else.

This is totally different to the way in which money is normally created by banks as debt (see *http://en.wikipedia.org/wiki/Money_creation* if you are interested). This means that samaras are not scarce in the same way that the national currency is. We can create money as we need it and pay it back when we work, rather than having to borrow it at interest when we need it and pay it back plus interest by working off the loan. The national currency, by design, encourages a growing debt spiral, an increase in the gap between rich and poor, and instability (every now and then, we need an economic collapse, a war, or a social revolution to bring the system back into line). Our local currency is designed such that none of these problems are inherent to it. If you'd like to read more about any of this, *Healthy Money, Healthy Planet* by Deirdre Kent is an excellent book.

In local currencies based on mutual credit everyone has equal access to the means of production. This is important because it is the worker's lack of access to the means of production which alienates her and allows her to be exploited by capitalists. To take an extreme example, the main thing stopping just anyone from starting their own factory, is access to the money needed to do so. But in a mutual credit system, everyone has equal access to credit (in the Sharehood's trading system, you may trade down to 0 or up to 500 from a starting point of 250 samaras). Credit is no longer dependent on ownership of resources, which separate the classes. In such a situation workers are unlikely to agree to work in a factory with bad conditions and bad pay, since they could just start their own factory. No one could be coerced into doing any job unless they liked the person they were working for, they liked the work, and they felt they were being paid well enough for it.

The Concept of Demurrage

The idea of a demurrage currency is just a variation of what has been variously described as "stamp scrip" or "stamp currency". Its theoretical concept was originally developed by Silvio Gesell about a century ago. Gesell was an Argentine businessman and economist who has been neglected by many theoretical economists because of the (at first sight) unconventional nature of his demurrage concept.

Gesell's initial premise was that money as a medium of exchange should be considered a public service good (just as public transportation, for instance) and, therefore, that a small user fee should be levied on it. Instead of receiving interest for retaining such a currency, the bearer in fact pays interest. In Gesell's time, stamps were the normal way to levy such a charge. The Sharehood electronically debits 2% each month from everyone's account (the demurrage money will be used half to self-fund the sharehood's administration work and half to fund local community projects).

Is such an unconventional concept as demurrage a theoretically sound one? The answer is a resounding yes, and is supported by economists of no lesser stature than John Maynard Keynes. Chapter 17 of Keynes' General Theory of Employment, Interest and Money analyses the implications of such money, and provides a solid theoretical backing to the claims made by Gesell. Keynes specifically states: "Those reformers, who look for a remedy by creating an artificial carrying cost for money through the device of requiring legal-tender currency to be periodically stamped at a prescribed cost in order to retain its quality as money, have been on the right track, and the practical value of their proposal deserves consideration. He concludes with the prescient statement that "the future would learn more from Gesell than from Marx."

Changing Incentives

The most important structural shifts would occur in the way people would spontaneously start saving and investing. Because the demurrage concept discourages the use of currency as a saving device something else needs to be used to store value.

The conceptual key to understanding this shift involves changing the "arrow of time" in the investment process. Under the present system, the discounted present value of any investment has to be higher than the interest rate of a risk-free government bond. This implies that anything that produces value more than twenty years in the future is basically worthless today, thus providing a systemic incentive not to care about the long-term consequences of our actions. With demurrage, the incentive works in the opposite way: income in the future would become more valuable than income today, thereby automatically prioritising the long-term implications of today's actions.

Once the basic necessities of life are covered, the logical uses of money in this new context would include investing in ways that will reduce expenses in the future (pay back mortgages, improve home insulation, improve energy efficiencies, start one's own food gardens) and investing in anything that will keep, or increase in, value (land improvements, trees and forests, and anything else that grows over time).

Consumption patterns would evolve toward products with longer lifetimes. Assume that one has $100,000 available and two types of cars are offered for sale: the usual car of today, which costs $20,000 and lasts four years, and one costing $100,000 that lasts twenty years. In today's currency environment it is logical to buy the short-lived car because one can put the $80,000 balance in a savings account and get more value in the long run. With the proposed alternative currency it is logical to buy the long-lived car. Today nobody builds such a car because there is no demand for it. But in the future, it could spontaneously become the type of car in greatest demand. Note that the total income of the car manufacturer is the same over twenty years (assuming no inflation), but that the burden on the environment is much lower. According to the same logic, people would tend to build houses intended to last forever--and spontaneously invest in further insulation and other improvements whenever they have extra cash.

It is important to recognise that there would be no need to "educate" people to do all these things.

Demurrage simply reprograms the "invisible hand" of financial self-interest to provoke these actions.

Today, many people try to convince others to act in an ecologically responsible way, but it is in their financial interest to do the opposite. With demurrage, economic self-interest pulls automatically in the direction of ecologically sound actions. Only by such realignment of economic and moral motivations can we expect truly massive changes in behaviour patterns.

Historical Precedents

The vast majority of the books on economic and monetary theory or history never mention the possibility of such "charge" or "demurrage money." Even the monumental History of Interest Rates, which covers interest from Sumer to today, does not mention it once. Is this concept then just a theoretical idea, or is it a practical possibility? In fact, history records the remarkable ability of this concept to adapt to different cultures and circumstances--and to generate spontaneously the behaviours we are trying to promote.

Egypt

Recall the biblical Joseph, who interpreted the Pharaoh's dream and saved Egypt from "seven lean years" by stockpiling food. Why would the Egyptians have kept Joseph in such high regard for inventing stockpiling? Its use had been widespread since the beginning of the agrarian revolution several thousands of years earlier. Might there have been more to it than the Bible mentions?

These stockpiles were also the basis of the Egyptian monetary system. Each farmer who contributed to the stockpile would receive a piece of pottery having an inscription of the quantity and date of delivery of his contribution, which he could then use to purchase something else. These receipts, or *ostraca*, have been found by the thousands and were in fact used as currency. However, what the Bible missed is the key to the system: there was a time charge on these receipts. For instance, if someone wanted to redeem an *ostraca* of ten bags of wheat after six months, he would only receive nine bags. This demurrage charge reflected the costs of guarding the depot and quantities lost to rodents.

So we can understand that Egyptian farmers would never hoard this currency but invest in what was most handily available to them: improvements on their land and irrigation systems.

This currency was used in Egypt for more than a thousand years, until the Romans forcibly replaced it with their own banking and currency system, more "modern" and having positive interest rates. Note the apparent consequences of this change: As long as negative interest currency was used, the Egyptians built monuments that would last forever and maintained their agricultural system in remarkable condition, making it the breadbasket of the Ancient World. All this quickly disappeared when the Roman currency was generalised. Since then, Egypt has remained for two thousand years a "developing" country.

The Middle Ages

What triggered the exceptional economic and spiritual prosperity in Europe, particularly from 1150 to about 1300, when the extraordinary blossoming of all the cathedrals took place? Few people are aware that this period coincides with the existence of the Brakteaten monetary system, under which local lords issued silver plaques that were called back on the average every six to eight months and reissued a bit thinner, amounting to a demurrage rate of about 2-3 percent per month over this entire period. People would therefore automatically invest in anything that would last almost forever: improved land, tapestries, paintings, or cathedrals.

From an economic perspective, cathedrals made sense as an investment in the future. There was fierce competition among cities to attract pilgrims from all over the Christian world, and cities competed for cathedrals, just as today they compete for Walt Disney Co. investments. The main difference, of course, is that cathedrals were also symbols of faith, masterpieces for thousands of craftsmen who chose to remain anonymous, and designed as lasting beauty. Is it a coincidence that cathedrals flourished as the most grandiose symbols of community solidarity in Western history, yet declined as soon as the Brakteaten system was replaced with the king's monopoly on the creation of currency?

While the previous examples might be discounted because they seem to apply only to pre-capitalistic economies, the following examples bring us to modern times.

The 1930s in Austria

In 1932, Herr Unterguggenberger, mayor of the Austrian town of Worgl, decided to do something about the 35 percent unemployment of his constituency (typical for most of Europe at the time). He convinced the town hall to issue 14,000 Austrian shillings' worth of "stamp scrip", which were covered by exactly the same amount of ordinary shillings deposited in a local bank.

After two years, Worgl became the first Austrian city to achieve full employment. Water distribution was generalised throughout, all of the town was repaved, most houses were repaired and repainted, taxes were being paid early, and forests around the city were replanted.

It is important to recognise that the major impact of this approach did not derive from the initial project launched by the city, but instead had its origin in the numerous individual initiatives taken in the process of recirculating the local currency instead of hoarding it. On the average, the velocity of circulation of the Worgl money was about fourteen times higher than the normal Austrian shillings. In other words, on the average, the same amount of money created fourteen times more jobs.

More than 200 other Austrian communities decided to copy this example, but here again the Central Bank blocked the process. A legal appeal was made all the way to the Supreme Court, where it was lost.

Stamp Scrip in North America

Emergency currencies have a longer history in America than most people realise. They seem to appear with a curious regularity-- the 1830s, 1890s, and 1930s--coinciding roughly with the bottom of the long-term economic cycle called the Kondratieff wave. I will concentrate on the last period because it is the best-documented example.

The theoretician behind the movement in the United States in the 1930s was Irving Fisher of Yale University. He had analysed the Worgl case in Austria and published various articles about its success. Subsequently, more than 400 cities, and thousands of communities or organisations all over the country, issued one form or other of emergency currency. Many were stamp scrip, involving the application of a stamp at prescribed intervals (monthly, for example). There was also a movement to issue this stamp script officially nationwide: Senator Bankhead of Alabama presented a bill to the Senate February 18, 1933, and Representative Petenhill of Indiana presented a bill to the House of Representatives on February 22, 1933.

During this time Irving Fisher approached Dean Acheson, then Undersecretary of the Treasury, to obtain support from the Executive branch for the same idea. Acheson asked the opinion of one of his Harvard professors, who advised him that the system would work but that it would imply strongly decentralised decision making, which he should check out with the President. Soon thereafter, President Roosevelt prohibited any use of "emergency currency" and announced the New Deal centered around a grandiose centralised plan of large construction projects.

These examples all show that the concept worked in the modern world whenever it was allowed and correctly implemented.

Gough Whitlam in power

- By Tom O'Lincoln

This first appeared as part of a longer piece entitled "The Rise and Fall of Gough Whitlam", in Socialist Review, no 5, Melbourne, Autumn 1992. Today, the Whitlam Government is drenched in nostalgia. The general feeling among the left is that in the 1980s and after, "the Labor tradition has been betrayed" (1) but that in an earlier age, Labor was genuinely progressive. But was it? This article looks critically at the history.

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WHITLAM'S famous "It's Time" slogan was more than clever marketing. While many ALP supporters, like Magpie fans at the 1990 Australian Rules grand final, didn't dare believe in victory until the very end, still there seemed to be something virtually inevitable about the 1972 Labor win. Australia had changed immensely since the days of Menzies.

When the old bastard retired in 1966, industrial disputation was at low levels. The unions seemed largely cowed by Penal Powers that could be used to virtually ban strikes. Yet only three years later, the curve of industrial struggle had begun rising sharply. Long years of prosperity had finally begun to give workers confidence in their ability to fight, and an awareness that employers could afford to meet their demands. The more militant unions had begun to believe the Penal Powers could be broken, and Communist Party secretary Laurie Aarons was displaying no astonishing predictive powers when he remarked that "the time has come for a determined, militant confrontation with the employer-arbitration-Government class structure." (2)

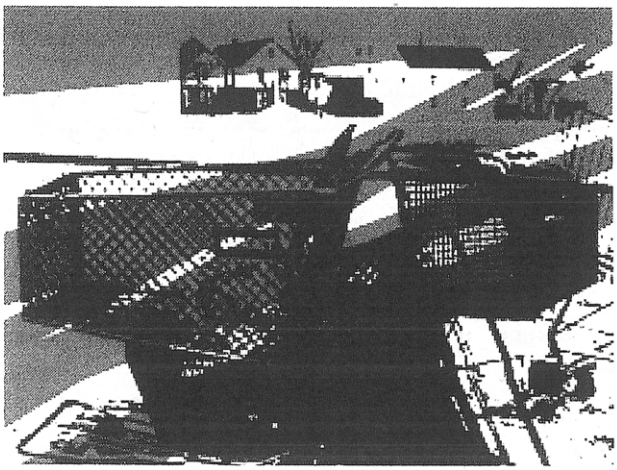
When Victorian Tramways Union leader Clarrie O'Shea was jailed in 1969, a near general strike secured his release and the Penal Powers became a dead letter. This opened the way for a sustained union offensive for better wages and conditions.

A symptom of the times was the rise of Bob Hawke, colourful and aggressive, as head of the ACTU. Hawke was never an industrial militant and was actually a good friend of employer advocate George Polites, but his larrikin style suited the mood of the union membership, which was clearly moving left. Another sign of change in the working class movement was the walk-out from Victoria's rightwing Trades Hall by 27 rebel unions. The issue was mostly one of voting power and finances, but the rebel unions also became an alternative centre of union organisation for a crucial period. In Sydney the Builders Labourers were the best known militant union. Their most famous exploits were the Green Bans that stopped environmentally damaging developments, but their innovations extended much further. The BLs sometimes asserted their right to elect foremen, later took action in defence of the rights of women and Gays, and became part of a wider workers' control movement.

As continued economic growth drew more and more women into the workforce, they gained confidence in their ability to fight for equality. Angered by a 1969 equal pay decision that offered mostly token reform, Communist Party member Zelda D'Aprano and two friends chained themselves to the doors of the Arbitration Commission, an action that marked the beginning of the women's liberation movement. The new movement fought for free abortion on demand and 24-hour child care as well as equal pay, and braved initial ridicule to educate society on the ways in which sexist language and the portrayal of women's bodies were used to oppress half the population. The movement also supported struggles by working women.

The radicalisation in sexual politics was infectious. Not only did some men begin to change their attitudes, but a Lesbian and Gay movement arose following similar developments in the United States. In September 1970 Sydney activists established the Campaign Against Moral Persecution. Within a year, CAMP seemed very moderate and the activists were talking of liberation.

So were Aborigines. As early as 1965, Sydney University students had held Freedom Rides around outback NSW. In 1966 Aboriginal workers at Brisbane Waters, Wave Hill and other Northern Territory centres walked off the job, demanding equal pay. Then in May 1967 the Gurindji people claimed 500 square miles of land at Wattie Creek. This sparked a national campaign demanding Aboriginal ownership of existing reserves and traditional tribal land, as well as control over mining and a share in its proceeds. When the McMahon Government refused to grant these demands, a group of black activists set up an Aboriginal Embassy in a tent outside Parliament early in 1972. Police tore it down more than once, but time after time the demonstrators put it back, while support for their cause from trade unionists and the wider community grew steadily.



A growing ferment gripped the campuses. At Monash University, disciplinary action against Labor Club members who had raised money for the Vietnamese National Liberation Front led to a major civil liberties campaign. In Sydney a "free University" arose dedicated to radical alternative curricula. Students all over the country played a major role in opposing a tour by South Africa's Springboks rugby team in 1971. The 1966 election campaign was a turning point for the emerging radical movements. By this time Australia had troops in Vietnam, and groups such as the Youth Campaign Against Conscription and Save Our Sons were organising protest actions. Labor leader Arthur Calwell's campaign was sharply anti-war and the activists worked hard for an election victory. When the ALP was trounced, some of the radicalising youth turned in the direction of revolutionary politics.

A number of trends drew together from the mid-sixties. With millions of workers engaging in strike action, class struggle demonstrated that the power of capital and the state could be challenged on a mass scale. Meanwhile frustration with the conventional political process, which became acute with the 1966 election result, found an outlet in an increasingly radical anti-war movement. These two arenas of mass struggle provided the context within which smaller movements – students, draft resisters, Aborigines, women and gays – could develop confidence and move leftward.

The anti-war movement grew by leaps and bounds. Despite a scare campaign by the Liberals, who called the marchers "political bikies pack-raping democracy" (3) the 1970 Moratorium marches mobilised some 120,000 Australia-wide, and made it clear that public opinion was moving against the war. While the movement was not organised along class lines, it offered opportunities for workers to act in their own right. Seamen on two ships, Jeparit and Boonaroo, refused to handle cargo bound for Vietnam. Before Moratorium marches, contingents of maritime and other unionists stopped work and marched up separately.

Labor's social base was moving left, but the ALP did not follow suit. Arthur Calwell resigned as leader after the 1966 defeat and was replaced by Gough Whitlam. Whitlam began to distance himself from Labor's previous commitment to withdraw from Vietnam and refused to guarantee that an ALP government would end conscription. Even Jim Cairns, widely seen as the leader of the left, moved away from immediate withdrawal. It was only when changes in public opinion, coupled with the Americans' withdrawal of troops, had it made it politically safe to do so that the Whitlam leadership committed itself to ending Australia's involvement.

Whitlam was taking other steps to give the party a more "moderate" image and above all to legitimise it amongst the business community. To this end one key task was to muzzle the "socialist tiger" within the Victorian ALP. Though it was largely a paper tiger, the Labor left's pronouncements were enough to perturb the bourgeoisie; more importantly, powerful unions stood behind it with their increasingly militant membership. Following a stormy Broken Hill Federal Executive meeting in 1970, Clyde Cameron spearheaded a rightwing campaign for federal intervention in Victoria. Though Jim Cairns and Bob Hawke opposed the move (Hawke feared it would reduce union influence) they both worked hard to minimise the fall-out, and were important in heading off moves to form a break-away "Industrial Labor Party". Coming after Whitlam's successful move in the sixties to water down ALP nationalisation policies, the intervention was a major blow to any notion that Labor was a socialist party (though a defiant Socialist Left faction emerged).

As well as weakening the Labor left, Whitlam needed to directly cultivate capitalist supporters, holding frequent meetings with newspaper barons and other industrialists designed to show them that he spoke their language. The Australian's Max Hollingsworth reported on one occasion:
Gough Whitlam strode into the grand ballroom of one of Australia's finest hotels today, and greeted members of the Company Directors' Association of Australia like brothers. (4)

If the bourgeoisie were slowly getting used to the idea of Labor as a viable alternative, they were also becoming disillusioned with the conservative coalition. Liberal PM John Gorton's nationalistic rhetoric made him seem too much like Labor, leading to talk of "Gortlamism". Economic policy was incoherent. By the time the Liberals replaced him with Billy McMahon, having gone through several Prime Ministers and an equal number of policy u-turns, they seemed an utter shambles. They were locked into a losing war in Vietnam, lacked credibility with the young, and their attitudes to women were becoming outdated. Most serious of all, the O'Shea strike had shattered their authority in industrial relations. A minority of capitalists was now ready to back the Labor Party. The Murdoch press lent its inimitable assistance and retail king Kenneth Baillieu Myer endorsed Whitlam, as did a group called "Business Executives for a Change of Government". More typically, large sections of business retained pro-Liberal sympathies, but suspected the conservatives could use a spell in opposition to get their act together.

They also hoped Labor might heal social wounds. The Vietnam war was a disaster and the ALP could end it; the youth were dissatisfied, and Whitlam could offer them new (but politically safe) visions; women wanted a new deal and Labor could accommodate them. Above all workers, male and female, were showing an awareness of their social and economic power, and the ALP argued that its special relationship with the unions could be used to channel and contain the rising tide. In all these areas concessions must be made to militant groupings, and that too was part of the Whitlam program. At the same time Labor offered a new style of nationalism: its call for "resources diplomacy" and controls on foreign capital were popular with sections of the bourgeoisie, and a foreign policy tilt away from Cold War stances could appeal to a more left of centre constituency without jeopardising the US alliance (Nixon himself was moving to an accommodation with China). Thus when Whitlam claimed victory on 2 December 1972, much of the country had high expectations – on both sides of the right-left or worker-employer divides. Only a few Marxists and other malcontents suggested that the contradictions within this seeming consensus could bring the new government undone.

The first Whitlam government

Gough Whitlam never intended to challenge the prevailing social order. He had spelt out his philosophy as early as his 1961 Curtin lecture:
Socialists should not be content with nationalising where necessary; they should be intent on competing where possible and initiating where desirable… The sins of capitalism in Australia today are ones of omission rather than commission and of not being sufficiently enterprising and independent. (5)

Whitlam's aim was not to threaten but to perfect Australian capitalism by rationalising the economy, developing the welfare state, and bolstering national capital against foreign rivals. The public sector appeared the ideal vehicle. The public sector's ability to expand depended on the health of the private sector, but that didn't seem to be a problem. After all, strong economic growth had persisted through most of the post-war years, despite some very second rate policies on the part of the conservative parties. Whitlam was very clear that his whole program depended on a high level of economic growth, and his 1972 policy speech said it could be ensured by planning:
A Labor government will establish the machinery for continuing consultation and economic planning to restore and maintain strong growth. This is the real answer to the parrot-cry, 'Where's the money coming from?' (6)

On this foundation rested a vast program of social reform embracing housing, transport, Aboriginal affairs, migrants, women, health and the arts. Labor sought to approach these, as well as more traditional welfare concerns, in an integrated fashion. Welfare was not to be a safety net, reserved for a stigmatised minority; it was to be a normal part of everyone's social existence. Whitlam's central argument was that 'Increasingly, a citizen's real standard of living, the health of himself and his family, his children's opportunity for education and self-improvement, his access to employment opportunities, his ability to enjoy the nation's resources for recreation and cultural activity [and] his scope to participate in the decisions and actions of the community are determined not so much by his income but by the availability of services which the community alone can provide and ensure. (7)

This line of argument could be used to oppose wage rises and was effectively counter-posed to redistribution of wealth. But at the same time it embodied a strand of enlightened thinking, promoting social needs as against individual self-interest and the public sector against the private, that is sobering to contemplate in today's era of "lean and mean" capitalist thinking.

The early months of Labor rule were frantic. Whitlam and his Deputy Lance Barnard, governing by decree, ordered the remaining Australian troops out of Vietnam, ended conscription, made a start on anti-sexist and anti-racist measures. All in all they made forty major decisions in thirteen days. Then in 1973 the government began to spend money, first raising pensions in line with plans to peg them at 25 percent of average weekly earnings. The 1973 budget doubled spending on education, tripled outlays on urban development, quadrupled expenditure on housing. Health spending only rose by 20 percent, but Bill Hayden was at work on Labor's greatest reform of all, Medibank. Cooler heads realised, though, that the initial reforms had only been achieved without dramatic tax increases because the economy was going at full stretch, and inflation was ensuring higher revenues by pushing taxpayers into higher tax brackets. To keep the reforms flowing, the government's economic strategy must ensure continuing strong growth. How would Whitlam manage that?

Firstly he sought to rationalise industry. Long years of tariff protection had preserved fragmented, backward, inward-looking industries such as textiles, clothing and footwear. As a result of local-content requirements, the car industry had built up excessive capacity. Labor tackled these problems head on, announcing a 25 percent tariff cut in July 1973 and two revaluations of the dollar. Imports became much more competitive. The idea was to force inefficient firms and industry sectors to close, with capital flowing into more efficient areas. Manufacturing would

be made to build on its strengths.

Secondly, he sought to restructure the labour force. While mass immigration had provided a large supply of "factory fodder", this cheap work force had meant there was less reason for employers to deploy labour-saving machinery. Consequently productivity growth was sluggish. Immigration was therefore to be cut, and labour supply increasingly drawn from the large numbers of married women entering the workforce, as well as from workers displaced from declining industries. Equal pay and child care programs would assist the women, while retraining through the National Employment and Training Scheme (NEAT) would ease workers' transition from old industries to new. A third reform attacked long-standing government subsidies to industry, while bringing in stronger Trade Practices legislation and a Prices Justification Tribunal (PJT). The first two of these measures moved Whitlam to remark that his was "the first genuine free enterprise government in twenty-three years." (8) Similarly the PJT was intended to ensure pricing was "rational" in capitalist terms, not to protect workers from price rises. The Tribunal's chair declared bluntly in 1974 that it was "not designed as an answer to inflation". (9) Workers soon recognised this and began to joke that the PJT existed to "justify prices".

Lastly, the government believed it could carve out a more favourable niche for Australian capital in the world economy by controlling foreign investment, and by taking the lead in "resources diplomacy". Whitlam intended to ensure that "capital inflow is associated with productive investment...and that capital is employed in real partnership with Australian-owned capital. (10) Resources diplomacy was an idea much in vogue in 1973, as a world-wide boom created a sellers' market for energy and raw materials. Labor's leading economic nationalist Rex Connor, who thought the country's potential greatness had been sold out by the "mugs and hillbillies" of the mining sector, set about encouraging exploration and creating a united front of exporters. It seemed an impressive program. But Labor's hopes for strong growth (they envisaged six or seven percent a year) assumed that Australian capitalism was and would remain fundamentally healthy, and that the capitalist class would remain neutral if not favourable to the government. The crisis of 1974 and 1975 removed these preconditions at a stroke.

Whitlam had not come to power expecting a dream run with the economy. The new government foresaw a substantial task mopping up the unemployment inherited from McMahon. But in fact the jobless total began ebbing rapidly. Inflation gradually emerged as Labor's first major economic test. Inflation had been a problem throughout the long post-war boom, but it escalated world-wide from the end of the sixties, as a consequence of US war spending in Vietnam. Prices rose by over 13 percent in 1973, and passed 16 percent in 1974. Yet in Frank Crean's 1973 budget, inflation figured more as a nuisance than as a strategic problem. The government's overwhelming preoccupation was with its reform program. It would take care not to make price rises worse, but the budget is not simply an economic document. It is also an important instrument whereby we give effect to our goals and aspirations. (11)

How long could Labor maintain this defiant stance? One reason the government was so relaxed about inflation in 1973 was that unemployment, after falling rapidly in early 1973, had levelled off at around 1.5 percent, a level then considered to be on the high side. This suggested demand would remain sluggish, which would inhibit price increases. However the 1.5 percent figure masked severe labour shortages in some sectors. These sectors became particularly overheated as the economy as a whole entered a feverish boom. The consequent prosperity carried Whitlam through the 1974 election, but Liberal leader Billy Snedden's ability to score points on the inflation issue alarmed the government. A credit squeeze was already in place on Treasury advice, but the Treasury experts began calling for an additional "short sharp shock" to rein in inflation. Whitlam made determined-sounding statements, but his government seemed incapable of biting the bullet. In July 1974, Crean delivered a mini-budget with only a token deflationary content (even so, it was nearly voted down by Caucus). In September he was obliged to deliver a budget largely shaped by Jim Cairns, who had emerged at the head of Treasury's opponents. The budget speech contained one passage guaranteed to alarm business circles:

Crucial as the fight against inflation is, it cannot be made the objective of government policy...The

government's over-riding objective is to get on with our various objectives in the fields of education, health, social welfare and urban improvements. The relatively subdued conditions in prospect in the private sector provide the first real opportunity we have had to transfer resources to the public sector. (12)

The original perspective had based public reform programs on private sector growth. But as early as September 1974 the government was already reduced to trying to push its reforms through regardless of the state of the economy. Short of mass mobilisation and class struggle of a kind Labor did not even begin to contemplate, this could not succeed, particularly as unemployment was set to rise dramatically and profits were already falling, setting the stage for a major recession.

Opposition to the Treasury line sprang from a growing concern that the economy was heading for a downturn. The budget strategy for fending it off contained some hints of a "social contract" approach: mild economic stimulus to maintain employment levels combined with appeals to the unions for voluntary wage restraint. Clyde Cameron was already negotiating with the ACTU about wage indexation. In the September quarter inflation hit an annual rate of 22 percent. Profits were declining. The world commodity boom was winding down, and a glut of office space signalled the end of what had been a spectacular boom in commercial building. The downturn was exacerbated by the credit squeeze, which was now really beginning to bite. An increasingly worried government began battling to rescue the private sector from what it now realised might be a very savage recession. The credit squeeze was scrapped and further economic stimulus applied. When Leyland Motor Corporation began reporting huge losses, Whitlam agreed to a $25 million rescue package, even though 2,600 retrenchments went ahead. Soon after this the major car companies won government assistance after threatening up to 10,000 sackings. As investment dried up, Labor swallowed its nationalist pride and eased controls on foreign capital inflow. The ALP's Terrigal conference in early February, 1975 adopted a platform promising "reasonable returns on investment", and shortly afterwards Cairns declared:

We live in a society where the determinants, the things that happen in society as a whole are taking place in the private sector. Now if we're going to get activity going, if we're to get production up, if we're to keep people in work or get them back to work, we have to work on the private sector. (13)

The Prices Justification Tribunal was advised to remember that "a restoration of profitability is one of the necessary conditions for the solution of the current economic problems." (14) But while Labor's policies were shifting rapidly, they were still lagging behind events. Cairns' stimulatory measures might appeal to some manufacturers, but the ideas of monetarism were rapidly taking hold in business circles. This theory, advanced by Milton Friedman, argued that controlling the money supply and government spending was decisively important in tackling inflation, with a certain level of unemployment also required. In January 1975 the business newsletter Syntec called for a tighter money supply. In February a major Liberal policy statement showed that the Opposition, previously broadly Keynesian in their thinking, were embracing the new dogma. It hinted that some unemployment might be needed to stem inflation. In April Friedman himself made a triumphant Australian tour. Labor's confused response was beautifully illustrated by one exchange in Parliament. Cairns had responded to looming company failures by handing out cash, and when the Opposition asked him on 9 April whether he thought "printing money" could solve economic problems, he replied:

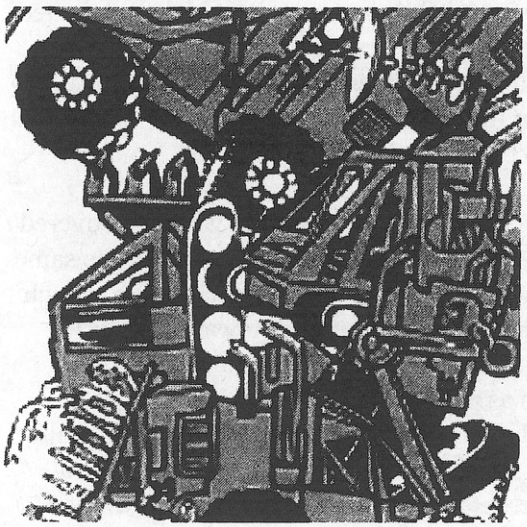
We might do precisely that. There are still about 250,000 persons unemployed in Australia. I assure the honourable member…that if by government expenditure I can ensure that any one case of these men can be put to work productively, I will make sure that he is, and he will not be allowed to remain in unemployment because of a shortage of money. (15)

Here was a capitalist policy of hand-outs to the bosses, wrapped up in socially aware rhetoric, which satisfied no one and convinced the increasingly monetarist establishment that Cairns was a liability. By mid-year Cairns, previously seen as a successful minister, had been politically destroyed. To the general public this seemed to result largely from his publicised relationship with an assistant, Junie Morosi,

and from blunders associated with the "loans affair". But to the country's economic power brokers, his suggestion that workers' jobs should be preserved at the expense of the increasingly sacred money supply was a far greater sin.

The loans affair centred on Minerals and Energy Minister Rex Connor, who saw in the oil crisis of the time an opportunity to "buy back the farm". Large amounts of petro-dollars were available with few strings attached, while a number of foreign mining companies were in financial trouble. Backed by his departmental head, Sir Lennox Hewitt, Connor gained authorisation to borrow sizeable sums and go shopping. His inept dealings with oddball financier Tirath Khemlani, compounded by continued contact with Khemlani after his authority to borrow was revoked, contributed greatly to Connor's eventual fall from power. But his wider policies had also lost the confidence of the ruling class. The end of the world commodity boom had made "resources diplomacy" unviable, while his attempts to use the state to mobilise capital began to be seen as "socialisation" by business interests who were turning against the government. The government might have survived the loans affair had its economic credibility remained intact. By July 1975, however, the Whitlam economic strategy was in tatters, with unemployment approaching 5 percent and profits plunging. Once again the government was engaged in an agonizing reappraisal and this was the immediate occasion for Cairns' demise. Cairns himself was moving in a monetarist direction, declaring in May that he was "planning to get the domestic deficit down to the lowest possible figure in the coming budget." (16) But he was still dragging his feet, as his budget outline proposals to Cabinet indicated:

1. We must never fail to re-employ people who can be re-employed productively merely because it would add to the deficit. 2. We must not consent to surrender any significant part of our program…as the result of pressure from the media and other anti-Labor forces. It is better to be defeated while attempting to implement Labor policies than to be defeated after surrendering them. (17)



Cairns, like Clyde Cameron, wished to avoid the worst consequences of monetarism. Yet in the face of the failure of Keynesian policies they were disarmed, with no alternative strategy to offer. Consistent socialists might have mobilised Labor's worker supporters to fight sackings and demand the nationalisation of failing industries. But the ALP's "democratic" socialists could hardly consider such a thing. Instead they marked time, waiting until Cairns was relaced by Bill Hayden and Cameron by Jim McClelland. Where Whitlam had one praised Cameron as "my Carnot – the organiser of Victory" (18)

Hayden and McClelland were now installed to organise a retreat on every front, to placate the bourgeoisie, and in doing so to forestall the ever-present threat by the Opposition – now led by Malcolm Fraser – to block supply and force an election. This approach might seem to have a certain logic. Yet by surrendering to the demands of the political right, it invited further attacks and thus opened the way for further defeats. Whitlam later appeared to half grasp this when he wrote: "McClelland's accession to the Labour portfolio and Hayden's to the Treasury convinced our opponents that our Government had the best men in the crucial roles and had to be brought down quickly if at all". (19) The "new post-Keynesian economic orthodoxy" (20) arrived with a vengeance. In July the government placed a strict ceiling on public service growth. The start of August saw telecommunications charges rise. On 19 August Hayden brought down his budget in a climate of gloom, and announced cuts in almost every area. Meanwhile McClelland fought to hold down wage increases. The Hayden policies were strikingly close to Fraser's. If 1969 had been the year of "Gortlamism", commented the Financial Review, 1975 had inaugurated the "era of Haserism". (21)

How much was being lost? In terms of social policy, the early Whitlam Government represented a real, though highly ambiguous step forward. The subsequent retreat was therefore a misfortune, though not a tragedy. Traditional welfare philosophy in Australia called for residual assistance for those miserable few who could not prosper in a free enterprise environment, and who had no family to fall back on. In Gorton's magnanimous words, pensioners should receive "at least a modest standard of living so that they do not need blankets to be provide for them in winter, so that at least they have enough to eat and a roof over their head." (22) By contrast Whitlam advanced a wider concept embracing the whole people. As Senator Wheeldon explained:

Medibank, child endowment, the abolition of the means test, aged persons' housing, the provision of health centres, child care – all thee are of benefit to all Australians and not just those below the poverty line. (23)

This clearly had its progressive side, but at the same time it effectively precluded a redistribution of wealth from the affluent to the poor. In fact, all too often the government's reforms favoured the "haves" more than the "have nots". The scrapping of tertiary education fees, because it was not a radical enough measure to really open up universities to large numbers of working class youth, ended up mainly as a gift to the middle and upper classes. Increased funding for the arts was a valuable reform, yet we can hardly ignore the fact that these programs, which primarily affected sections of the middle classes, survived the Hayden budget far better than welfare programs. Similarly, the virtues of Medibank couldn't entirely obscure the fact that patients choosing private wards were subsidised and had their medical fees paid. The Whitlam Government had some pretensions to empowering welfare clients through the Australian Assistance Program. But in reality "the Regional Councils for Social Development were often dominated by members of local voluntary agencies", who were more likely to be professionals than welfare recipients; and a critic rightly wrote of the AAP that "community involvement indecision-making tends to be middle class and is, therefore, likely to produce benefits for the middle class." (24) A short survey will illustrate the ambiguities which dwelt in every aspect of the Whitlam program.

Medibank was highly progressive. Before 1972, ten to fifteen percent of the population were not covered by health insurance. The gap between benefits and actual costs could be considerable as fees for the same procedure varied greatly, and the private funds set limits on the number of days of hospitalisation, which placed a special burden on the chronically ill. Labor's new scheme went a long way toward remedying these failings. Yet as Peter Wilenski later pointed out, "power in the health sector remained largely in the hands of the medical profession", with doctors' position as private entrepreneurs left virtually unchallenged. (25) Indeed, their income from fees rose considerably. Rather then being a national health scheme, it was a universal health insurance scheme. The state replaced the private funds as insurer but the doctor remained a private operator. Health expenditure increased dramatically, but many of the funds were spent on higher doctors' fees. In addition, the government sought to transfer a portion of the cost back to workers via a 1.35 percent levy, effectively a flat-rate and hence regressive special tax. This was blocked by the Opposition in the Senate for opportunistic reasons.

Aborigines got a much better deal from Labor. It should be stressed that this was not just the beneficence of the government: militant struggles by black communities had placed a new deal firmly on the agenda, and the political climate had also been changed by liberation struggles in Africa and the United States, as well as the immense impact of the Vietnam war. Whitlam made extensive land rights and funding commitments. Yet once again there were limitations. The government spoke of "self-determination" but this, as a seminar of (all white) administrators decided in 1973, must be "within the legal, social and economic restraints of Australian society." (26) When Aboriginal activist and public servant Charles Perkins suggested a statutory authority with a black majority to replace the newly created Department of Aboriginal Affairs, his proposal was thrown out. Without consulting black communities, Whitlam

appointed a white Commissioner, Justice Woodward, to look into land rights. Woodward made some pioneering recommendations. Even so, Aborigines were outraged when he refused compensation for alienated land, and attached to their right to veto mineral exploration and development the rider: "unless in the national interest".

Women's rights is an area where Whitlam has received a lot of praise. His government supported equal pay, introduced maternity leave for public servants, brought in a supporting mothers' benefit, abolished the luxury tax on contraceptives and at times seemed committed to major child care programs. Unfortunately, all of this impressive list is subject to qualifications. As with Aborigines, women had won many of these demands in struggle. At the same time, many of the reforms suited the needs of business, which was keen to draw women into the work force. For example a 1971 joint study by the government and the Clothing Manufacturers' Council had supported subsidised child care and other inducements for women to work. Equal pay, we should note, was granted only formally. Many employers simply reclassified females to avoid paying them more. Struggles around the issue continued under Labor, even embracing previously quiescent sectors such as insurance staff. With regard to reproductive rights, Labor's enlightened attitude to the pill must be weighed against its retention of the "conscience vote" allowing MPs to oppose abortion rights. And while the supporting mothers' benefit was an advance, it also reinforced traditional attitudes that women should depend on male breadwinners, since a single mother had to seek maintenance from her child's father, and men were not eligible for benefits. Meanwhile child care was a battleground, with Whitlam making promises then postponing expenditure, or channelling it to pre-schools (which generally entailed half-day care; often for only one or two days a week). Despite much grand rhetoric, a lot of Labor's record could be summed up by the Financial Review's 1973 comment that while the government was "often attacked for its frenetic activity… somehow women seem to have been lost in the frenzy.' (27)

A critical analysis of other social policies would take so much space that a few hints must suffice. The government scrapped the last relics of White Australia (following trends set by the Liberals, and for reasons reflecting the needs of business). However Whitlam also cut the migrant intake, and shifted the emphasis to family reunion. Family reunion was all right in itself, but the combined effect ensured that few non-whites were admitted. The National Employment and Training Scheme provided training, but made few courses available to the unskilled which would help them climb the occupational ladder; mainly it provided stenographic courses for women which reinforced their traditional status. Finally, urban and regional development programs aimed to lessen regional inequality, and in practice did benefit working class communities. However they were based on a philosophy which explicitly moved Labor away from attacking class inequality: Whitlam's 1972 policy speech declared that "in modern Australia social inequality is fixed upon families by the place in which they are forced to live even more than by what they are able to earn." (28)

As well as being contradictory in content, the social programs played an important role in co-opting, and hence demobilising, social movements. Aboriginal, migrant or health worker activists found themselves inside bureaucracies, where they administered programs that somehow never delivered what they promised. Women were drawn into establishing half-way houses, then forced to devote all their energies to staving off funding cuts. And when social movements got their events funded it strengthened the middle class currents within them, as at the 1975 Women in Politics Conference where non-whites were grossly under-represented. The National Times commented:

Elizabeth Reid was sorry about it, a special effort should have been made to inform both the Aborigines and the migrant women, but it wasn't. A pity because they missed out on the handsome across the board paid to a largely white, middle class participation. (29)

The Prime Minister wanted to help workers primarily as part of a wider, classless quest to "liberate the talents and uplift the horizons of the Australian people." (30) Yet there were other ministers with pretensions to representing the working class in a more immediate sense. Most prominent was Clyde Cameron, former shearer and Australian Workers' Union infighter, who served in the Labour portfolio for most of Whitlam's reign, and launched all its key initiatives in that area. With Cameron, and Lefts like Cairns and Tom Uren, in the Cabinet, workers might have expected major initiatives to advance their interests in the early going, and a stout defence against the impact of economic crisis later on. Certainly the mythology suggests this is how it was. Much is made of Labor's use of the federal public service as an industrial "pacesetter", granting an extra week of annual holidays and paid parental leave.

In reality they were simply labour market adjustments to meet the longer term needs of Australian capital and its state. Parental leave, along with equal pay and child care, was intended to help women participate more fully in the workforce. As for the extra holidays and some other public service reforms, Whitlam later explained that the furore about "pace-setting" was over-blown. "The reality…contradicted the publicity. Federal public servants were merely acquiring those conditions to which most of their state counterparts had long been entitled." (31) In any case, these concessions were being made to a working class that had shown its ability to win major gains in the field. The Whitlam regime had been allowed to take power partly to make just such unavoidable concessions, and employers' later complaints on this score were essentially dishonest.

Much is also made of the support Cameron and other ministers occasionally showed for strikes. "In his first months", wrote Alan Reid, Cameron was "pugnaciously pro-union, pro-union claims, pro-strikers and anti-boss." (32) Later he expressed sympathy for rebellious car workers at Ford Broadmeadows. But Cameron was no class warrior. As early as 1970 he had sought to establish as ALP policy a plan for binding agreements between unions and employers enforceable by financial damages. The plan was torpedoed by the more militant unions but in 1973 he tried again, this time as Minister, calling an "industrial peace conference" to propose binding industrial agreements. Again nothing came of it.
In 1973 the government also went to a referendum seeking the power to control wages and prices. Despite Liberal and Country Party opposition the measure might have succeeded with backing from the ACTU, but the unions were not prepared to surrender their right to win wage rises. The ACTU stand was for "yes" on price control and "no" on wage control, and as voting figures showed this was the sentiment of large numbers of blue collar workers. The "yes-no" position polled quite well in core working class electorates such as Cunningham on the NSW South Coast and Gellibrand in Melbourne's west. (33)
In 1974, with an economic crisis at hand, Cameron pursued the idea of class collaboration more vigorously, telling a meeting of Sydney AWU members that industry's profitability must rise, and if this was not to mean cuts in workers' living standards, then productivity must be boosted. "But let me be blunt, it will depend on trade union cooperation." (34) At the same time, Cairns was telling "unions across the nation, 'Go easy mate'." (35) And if they didn't go easy, Cameron was ready with blunter language about "bloody-mindedness on the part of a small section of the trade union movement." (36) Cameron's egalitarian reputation was also an illusion, arising from his prejudices in favour of blue collar as against white collar workers. His famous attack on public service "fat cats" was not just aimed at top bureaucrats – in fact he later wrote that the generous salaries paid to the elite first and second divisions were justified – but also at ordinary clerks. (37)

1974 was an industrial relations nightmare for the government as unions, chasing after spiralling inflation, launched a major wage offensive. The total number of strike days topped six million, the largest figure since 1919. As union success in achieving large wage settlements protected workers from attempts to make them pay for inflation, and just as importantly, high levels of militancy were damaging "business confidence", the ruling class began demanding government intervention. Workers who had expected "their" government to favour their interests now saw it turn increasingly hostile to wage rises. Cameron proposed wage indexation. His greatest concern was to restore industrial peace, but by holding real wage

movements below price movements, indexation did slow inflation – at workers' expense – and provided some modest support to sagging profits.

Despite some resolution-mongering at the 1975 ACTU Congress, the union officials were largely pleased with wage indexation. They had no enthusiasm for struggle because their bargaining position vis-à-vis the employers had been eroded by the recession. On the other hand, by shifting the focus of wage fixation to the Arbitration Commission and away from struggle, indexation was strengthening their position relative to the rank and file. They seized on the pretence that indexation would maintain real wages. In reality it effectively cut them because of time lags between price hikes and pay increases, and a statistical fiddle when Medibank came in. (38) Before the year ended metal employers were gloating that indexation had "helped to dampen a dangerous pattern of wage growth". (39)

But the impact of government policies on the class struggle had more ominous implications. Workers had already seen the much-vaunted social programs fall in a heap. Now the government in which they had placed their hopes was turning against them on the industrial front. Indexation had a sugar-coating to be sure, but quite a few militants were at least very uneasy about the shift of wage-fixing from the shop floor to the bureaucratic processes of the Arbitration Commission. The less class-conscious sections of the working class began telling opinion pollsters they would vote Liberal. The core of Labor's supporters wouldn't do that, but they felt bewildered at best and at worst, cruelly betrayed.

Economic crisis: who's fault

The recession of the mid-seventies, preceded by a dramatic surge in inflation and accompanied by continuing prices rises ("stagflation"), shocked society. Employers, politicians and the media sought scapegoats, finding prime targets in the government and the unions. They accused the government of spending beyond its means and thus creating inflation. This image has become so entrenched that few realise the 1973 budget planned for a reduction in the domestic deficit, and because inflation brought in extra revenue, the government actually achieved a $211 million surplus. The following year did see a sizeable deficit. But this can hardly explain the inflationary surge, which had already begun in the 1973-74 financial year with the CPI rising above 14 percent.

If inflation wasn't Whitlam's fault, what of the recession? The 25 percent tariff cut, a move quite well received in the press at the time of its introduction, was later portrayed as a catastrophic blunder which devastated manufacturing. But in reality it caused only a limited proportion of the unemployment. In 1975 only 23,060 people were receiving special assistance under a scheme designed for persons retrenched as a result of the cut, and an estimated maximum of 33,000 lost their jobs because of it. (40) At most you could blame the government for the impact of the 1973-74 credit squeeze. But this was a measure urged on Whitlam by Treasury experts, in which he initially placed immense trust. Whitlam's naiveté and Treasury incompetence can be faulted, but that hardly reflects on the government's wider program.

Rightwing ideologues had another, equally predictable target: they charged that the unions, egged on by Clyde Cameron and led by communists out to wreck the economy, had made unreasonable wage claims. We have seen that Cameron played no such role. More importantly, the unions were (unfortunately) innocent of the charge. Placing their faith in Labor, the unions initially held back. Under the Liberals the union movement had demonstrated it had the muscle to keep wages ahead of inflation. (41) But in 1973, for the first time in years, earnings rose marginally less than the CPI. The 13 percent inflation was due to sharp increases in food prices. (42)

In 1974 unions did take the offensive, responding to the price spiral, but even here the demonology which blamed left union leaders for the wage push was fundamentally mistaken. After a major industrial campaign, metal trades unions, led by the leftist Metal Workers, settled for an unimpressive $15 rise in April. Traditionally the metal trades award was a benchmark for the rest of industry, and conventional

wisdom suggested that such a pay rise would allow employers to regain control of the situation. But at this point General Motors Holden, suffering labour shortages, offered the Vehicle Builders Union $22. In the following months other politically "moderate" unions including the Transport Workers won sizeable rises and the metal unions had to apply for a catch-up. Thus although workers did often display great militancy in 1974, the rate of increase in wages was largely determined, in the end, by market forces. While the government's 1974 deficit undoubtedly had some inflationary effect, and while the high price of labour was undoubtedly a factor in employers' later decisions to shed labour, these factors cannot explain the recession. Far more important were international trends and the inherent contradictions of capitalism itself. Inflation had been a world-wide problem throughout the post-war years, resulting from arms spending associated with the Cold War. It accelerated in the final stages of the long boom, spurred by war spending in Vietnam, but probably also reflecting the growing instability of the world system. Inflation also reflected attempts by the biggest firms to prop up, through higher prices, rates of profit that were beginning to decline.

This last point is crucially important: in the course of 1974 both industry leaders and the government became aware of a downward trend in profit rates. The trend had been there for some years, but the experts failed to recognise it, apparently fooled by inflation-fed paper profits. Yet the decline in profitability, which was to persist through Fraser's austerity programs, the resources boom, and into the following wage freeze surely indicates that the crisis years of 1974-82 were caused by contradictions deep within capitalism. This becomes even clearer when you consider that falling rates of profit were a world-wide phenomenon. (43)

World capitalism as a whole was facing immense problems, which the 1973 oil crisis helped translate into an international recession. Thus international trends, reflecting basic flaws in the capitalist system, largely explain the onset of recession in Australia. Whatever Whitlam's policy errors, his government's real fault lay in its essential premise: that a party claiming to represent the working class could and should administer capitalism and seek change within the logic of the system. Labor, Whitlam later insisted, was "the party of propriety and convention". (44) Far from being a virtue, this was its fatal weakness, long before the Constitutional Crisis.

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41. Whereas the CPI rose by 4.9 percent in 1970s, and 7.2 in 1971, average earnings increased by 9.2 and 11.8 percent. In McMahon's last year inflation slowed to 4.5 percent under the impact of a mild recession; earnings increased by 8.8 percent.
42. Meat prices rose by 34 percent because of an international shortage, while the price of potatoes doubled due to bad weather. See Hughes, p. 60.
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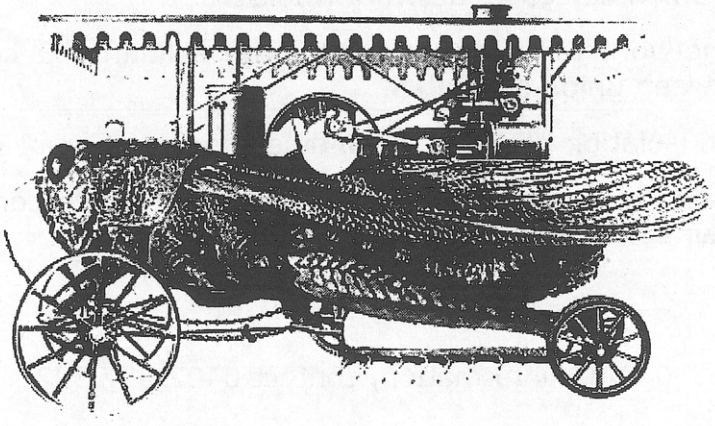


Draft Proposal for a Union Delegates Network

This proposal concerns the development of a network for union delegates for the sharing of information and the building of worker solidarity around workplace and industrial issues.

Currently in many workplaces there is already a trade union presence or collective bargaining in place. As such, it makes sense to utilise the pre-existing structures to build powerful union branches, and to construct a kind of base unionism, built around a union delegates network and engaging the rank and file within the structures of local union branches.

Building a strong delegate structure is essential to reviving unionism to ensure fair working conditions in our workplaces. This is a proposal for a cross sector, industry and workplace network of union delegates, independent of any political party or existing registered trade union structure. The purpose of this network is to support delegates and workers in any workplace or industry and to promote workplace democracy.

A National Union Delegates Network would be set up on the following basis:

1. Participation and support is a matter for individual unions
2. The network will be made up of rank and file trade union workplace representatives.
3. The network would not be aligned with any political party or union faction. It would not encroach on the established organisation and recruitment activity or interfere in the internal affairs and elections of ACTU affiliated trade unions or the functions of the ACTU.
4. The network would be open to participation by unions and workers organisations that are not registered ACTU unions. The participation of unions and workers organisations that are not ACTU registered would be judged on a case-by-case basis, according to the decision of the established network.
5. A steering group of union representatives should be established. The role of this steering group would be to initially facilitate a meeting open to union delegates. The main agenda of the initial meeting would be the establishment of the network.

The goals of the union delegates network would be:

- To create a network for information-sharing, solidarity & co-ordination across industries between union delegates.
- To break down isolation between union delegates in different sectors.
- To offer support to unions and other existing workplace committees and labor councils in their campaigns and industrial disputes.

More information, contact 0402 657 392

The Relevance of Anarcho-Syndicalism

NOAM CHOMSKY INTERVIEWED BY PETER JAY

THE JAY INTERVIEW, JULY 25, 1976

INTERVIEWER: Professor Chomsky, perhaps we should start by trying to define what is not meant by anarchism -- the word anarchy is derived, after all, from the Greek, literally meaning "no government." Now, presumably people who talk about anarchy or anarchism as a system of political philosophy don't just mean that, as it were, as of January 1st next year, government as we now understand it will suddenly cease; there would be no police, no rules of the road, no laws, no tax collectors, no post office, and so forth. Presumably, it means something more complicated than that.

CHOMSKY: Well, yes to some of those questions, no to others. They may very well mean no policemen, but I don't think they would mean no rules of the road. In fact, I should say to begin with that the term anarchism is used to cover quite a range of political ideas, but I would prefer to think of it as the libertarian left, and from that point of view anarchism can be conceived as a kind of voluntary socialism, that is, as libertarian socialist or anarcho-syndicalist or communist anarchist, in the tradition of, say, Bakunin and Kropotkin and others. They had in mind a highly organised form of society, but a society that was organised on the basis of organic units, organic communities. And generally, they meant by that the workplace and the neighbourhood, and from those two basic units there could derive through federal arrangements a highly integrated kind of social organisation which might be national or even international in scope. And these decisions could be made over a substantial range, but by delegates who are always part of the organic community from which they come, to which they return, and in which, in fact, they live.

INTERVIEWER: So it doesn't mean a society in which there is, literally speaking, no government, so much as a society in which the primary source of authority comes, as it were, from the bottom up, and not the top down. Whereas representative democracy, as we have it in the United States and in Britain, would be regarded as a from-the-top-down authority, even though ultimately the voters decide.

CHOMSKY: Representative democracy, as in, say, the United States or Great Britain, would be criticised by an anarchist of this school on two grounds. First of all because there is a monopoly of power centralised in the state, and secondly -- and critically -- because the representative democracy is limited to the political sphere and in no serious way encroaches on the economic sphere. Anarchists of this tradition have always held that democratic control of one's productive life is at the core of any serious human liberation, or, for that matter, of any significant democratic practice. That is, as long as individuals are compelled to rent themselves on the market to those who are willing to hire them, as long as their role in production is simply that of ancillary tools, then there are striking elements of coercion and oppression that make talk of democracy very limited, if even meaningful.

INTERVIEWER: Historically speaking, have there been any sustained examples on any substantial scale of societies which approximated to the anarchist ideal?

CHOMSKY: There are small societies, small in number, that I think have done so quite well, and there are a few examples of large scale libertarian revolutions which were largely anarchist in their structure. As to the first, small societies extending over a long period, I myself think the most dramatic example is perhaps the Israeli kibbutzim, which for a long period really were constructed on anarchist principles, that is: self-management, direct worker control, integration of agriculture, industry, service, personal participation in self-management. And they were, I should think, extraordinarily successful by almost any measure that one can impose.

INTERVIEWER: But they were presumably, and still are, in the framework of a conventional state which guarantees certain basic stabilities.

CHOMSKY: Well, they weren't always. Actually, their history is rather interesting. Since 1948 they've been in the framework of a conventional state. Prior to that they were within the framework of the colonial enclave and, in fact, there was a subterranean, largely cooperative society, which was not really part of the system of the British mandate, but was functioning outside of it. And to some extent, that's survived the establishment of the state, though of course, it became integrated itself into the state and in my view lost a fair amount of its libertarian socialist character through this process, and through other processes which are unique to the history of that region which we need not go into.

However, as functioning libertarian socialist institutions, I think they are an interesting model that is highly relevant to advanced industrial societies in a way in which some of the other examples that have existed in the past are not. A good example of a really large-scale anarchist revolution -- in fact the best example to my knowledge -- is the Spanish revolution of 1936, in which, over most of Republican Spain, there was a quite inspiring anarchist revolution that involved both industry and agriculture over substantial areas, developed in a way which to the outside, looks spontaneous. Though, in fact, if you look at the roots of it, you discover that it was based on some three generations of experiment, thought and work which extended anarchist ideas to very large parts of the population in this largely pre-industrial -- though not totally pre-industrial -- society.

And that, again, was, by both human measures and indeed anyone's economic measures, quite successful. That is, production continued effectively; workers in farms and factories proved quite capable of managing their affairs without coercion from above, contrary to what lots of socialists, communists, liberals and others wanted to believe. And in fact, you can't tell what would have happened. That anarchist revolution was simply destroyed by force, but during the brief period in which it was alive I think it was a highly successful and, as I say, in many ways a very inspiring testimony to the ability of poor working people to organise and manage their own affairs, extremely successfully, without coercion and control. How relevant the Spanish experience is to an advanced industrial society one might question in detail.

INTERVIEWER: It's clear that the fundamental idea of anarchism is the primacy of the individual -- not necessarily in isolation, but with other individuals -- and the fulfillment of his freedom. This in a sense looks awfully like the founding ideas of the United States of America. What is it about the American experience which has made freedom as used in that tradition become a suspect and indeed a tainted phrase in the minds of anarchists and libertarian socialist thinkers like yourself?

CHOMSKY: Let me just say I don't really regard myself as an anarchist thinker. I'm a derivative fellow traveler [of anarchism], let's say. Anarchist thinkers have constantly referred to the American

experience and to the ideal of Jeffersonian democracy very very favorably. You know, Jefferson's concept that the best government is the government than governs least, or Thoreau's addition to that, that the best government is the one that doesn't govern at all, is one that's often repeated by anarchist thinkers through modern times.

However, the ideal of Jeffersonian democracy -- putting aside the fact that it was a slave society -- developed in an essentially pre-capitalist system, that is, in a society in which there was no monopolistic control, there were no significant centers of private power. In fact, it's striking to go back and read today some of the classic libertarian texts. If one reads, say, Wilhelm von Humboldt's critique of the state of 1792 [English language version: The Limits of State Action (Cambridge University Press, 1969)], a significant classic libertarian text that certainly inspired Mill, one finds that he doesn't speak at all of the need to resist private concentration of power, rather he speaks of the need to resist the encroachment of coercive state power. And that is what one finds also in the early American tradition. But the reason is that that was the only kind of power there was. I mean, Humboldt takes for granted that individuals are roughly equivalent in their private power, and that the only real imbalance of power lies in the centralised authoritarian state, and individual freedom had to be sustained against its intrusion -- the State or the Church. That's what he feels one must resist.

Now, when he speaks, for example, of the need for control of one's creative life, when he decries the alienation of labor that arises from coercion or even instruction or guidance in one's work, he's giving an anti-statist or anti-theocratic ideology. But the same principles apply very well to the capitalist industrial society that emerged later. And I would think that Humboldt, had he been consistent, would have ended up being a libertarian socialist.

INTERVIEWER: Don't these precedents, suggest that there is something inherently pre-industrial about the applicability of libertarian ideas -- that they necessarily presuppose a rather rural society in which technology and production are fairly simple, and in which the economic organisation tends to be small-scale and localised?

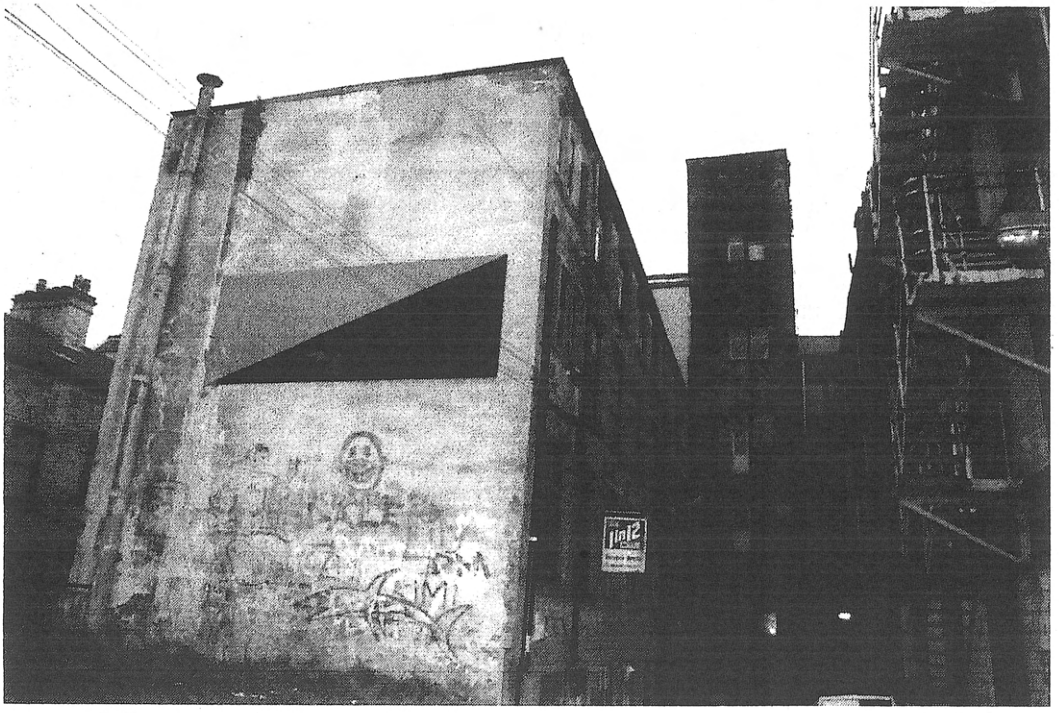
CHOMSKY: Well, let me separate that into two questions: one, how anarchists have felt about it, and two, what I think is the case. As far as anarchist reactions are concerned, there are two. There has been one anarchist tradition -- and one might think, say, of Kropotkin as a representative -- which had much of the character you describe. On the other hand, there's another anarchist tradition that develops into anarcho-syndicalism which simply regarded anarchist ideas as the proper mode of organisation for a highly complex, advanced industrial society. And that tendency in anarchism merges, or at least inter-relates very closely with a variety of left-wing Marxism, the kind that one finds in, say, the Council Communists that grew up in the Luxembourgian tradition and that is later represented by Marxist theorists like Anton Pannekoek, who developed a whole theory of workers' councils in industry and who is himself a scientist and astronomer, very much a part of the industrial world.

So, which of these two views is correct? I mean, is it necessary that anarchist concepts belong to the pre-industrial phase of human society or is anarchism the rational mode of organisation for a highly advanced industrial society? Well, I myself believe the latter, that is, I think that the industrialisation and the advance of technology raise possibilities for self-management over a broad scale that simply didn't exist in an earlier period. And that in fact this is precisely the rational mode for an advanced and complex industrial society, one in which workers can very well become masters of their own immediate affairs, that is, in direction and control of the shop, but also can be in a position to make the major, substantive decisions concerning the structure of the economy, concerning social institutions, concerning planning, regionally and beyond. At present, institutions do not permit them to have control over the requisite information, and the relevant training to understand these matters. A good deal could be automated. Much of the necessary work that is required to keep a decent level of social life going can be consigned to machines -- at least, in principle -- which means that humans can be free to undertake the kind of creative work which may not have been possible, objectively, in the early stages of the industrial revolution.

INTERVIEWER: I'd like to pursue in a moment the question of the economics of an anarchist society, but could you sketch in a little more detail the political constitution of an anarchist society, as you would see it in modern conditions? Would there be political parties, for example? What residual forms of government would in fact remain?

CHOMSKY: Let me sketch what I think would be a rough consensus, and one that I think is essentially correct. Beginning with the two modes of organisation and control, namely organisation and control in the workplace and in the community, one could imagine a network of workers' councils, and at a higher level, representation across the factories, or across branches of industry, or across crafts, and on to general assemblies of workers' councils that can be regional and national and international in charter. And from another point of view, one can project a system of government that involves local assemblies -- again, federated regionally, dealing with regional issues, crossing crafts, industry, trades, and so on, and again at the level of the nation or beyond.

Now, exactly how these would develop and how they would inter-relate and whether you need both of them or only one, well, these are matters over which anarchist theoreticians have debated and many proposals exist, and I don't feel confident to take a stand. These are questions which will have to be worked out.



INTERVIEWER: But, there would not be, for example, direct national elections and political parties organised from coast to coast, as it were. Because, if there were that would presumably create a kind of central authority which would be inimical to the idea of anarchism.

CHOMSKY: No, the idea of anarchism is that delegation of authority is rather minimal and that its participants at any one of these levels of government should be directly responsive to the organic community in which they live. In fact, the optimal situation would be that participation in one of these levels of government should be temporary, and even during the period when it's taking place should be only partial; that is, the members of a workers' council who are for some period actually functioning to make decisions that other people don't have the time to make, should also continue to do their work as part of the workplace or neighbourhood community in which they belong.

As for political parties, my feeling is that an anarchist society would not forcefully prevent political parties from arising. In fact, anarchism has always been based on the idea that any sort of Procrustean bed, any system of norms that is imposed on social life will constrain and very much underestimate its energy and vitality and that all sorts of new possibilities of voluntary organisation may develop at that higher level of material and intellectual culture. But I think it is fair to say that insofar as political parties are felt to be necessary, anarchist organisation of society will have failed. That is, it should be the case, I would think, that where there is direct participation in self-management, in economic and social affairs, then factions, conflicts, differences of interests and ideas and opinion, which should be welcomed and cultivated, will be expressed at every one of these levels. Why they should fall into two, three or n political parties, I don't quite see. I think that the complexity of human interest and life does not fall in that fashion. Parties represent basically class interests, and classes would have been eliminated or transcended in such a society.

INTERVIEWER: One last question on the political organisation. Is there not a danger with this sort of hierarchical tier of assemblies and quasi-governmental structure, without direct elections, that the central body, or the body that is in some sense at the top of this pyramid, would get very remote from the people on the ground? And since it will have to have some powers if it's going to deal with international affairs, for example, and may even have to have control over armed forces and things like that, that it would be less democratically responsive than the existing regime?

CHOMSKY: It's a very important property of any libertarian society to prevent an evolution in the direction that you've described, which is a possible evolution, and one that institutions should be designed to prevent. And I think that that's entirely possible. I myself am totally unpersuaded that participation in governance is a full-time job. It may be in an irrational society, where all sorts of problems arise because of the irrational nature of institutions. But in a properly functioning advanced industrial society organised along libertarian lines, I would think that executing decisions taken by representative bodies is a part-time job which should be rotated through the community and, furthermore, should be undertaken by people who at all times continue to be participants in their own direct activity.

It may be that governance is on a par with, say, steel production. If that turns out to be true -- and I think that is a question of empirical fact that has to be determined, it can't be projected out of the mind -- but if it turns out to be true then it seems to me the natural suggestion is that governance should be organised industrially, as simply one of the branches of industry, with their own workers' councils and their own self-governance and their own participation in broader assemblies.

I might say that in the workers' councils that have spontaneously developed here and there -- for example, in the Hungarian revolution of 1956 -- that's pretty much what happened. There was, as I recall, a workers' council of state employees who were simply organised along industrial lines as another branch of industry. That's perfectly possible, and it should be or could be a barrier against the creation of the kind of remote coercive bureaucracy that anarchists of course fear.

INTERVIEWER: If you suppose that there would continue to be a need for self-defense on quite a sophisticated level, I don't see from your description how you would achieve effective control of this system of part-time representative councils at various levels from the bottom up, over an organisation as powerful and as necessarily technically sophisticated as, for example, the Pentagon.

CHOMSKY: Well, first, we should be a little clearer about terminology. You refer to the Pentagon, as is usually done, as a defense organisation. In 1947, when the National Defense Act was passed, the former War Department -- the American department concerned with war which up to that time was honestly called the War Department -- had its name changed to the Defense Department. I was a student then and didn't think I was very sophisticated, but I knew and everyone else knew that this meant that to whatever extent the American military had been involved in defense in the past -- and partially it had

been so -- this was now over. Since it was being called the Defense Department, that meant it was going to be a department of aggression, nothing else.

INTERVIEWER: On the principle of never believe anything until it's officially denied.

CHOMSKY: Right. Sort of on the assumption that Orwell essentially had captured the nature of the modern state. And that's exactly the case. I mean, the Pentagon is in no sense a defense department. It has never defended the United States from anyone. It has only served to conduct aggression. And I think that the American people would be much better off without a Pentagon. They certainly don't need it for defense. Its intervention in international affairs has never been -- well, you know, never is a strong word, but I think you would be hard put to find a case -- certainly it has not been its characteristic pose to support freedom or liberty or to defend people and so on. That's not the role of the massive military organisation that is controlled by the Defense Department. Rather, its tasks are two -- both quite anti-social.

The first is to preserve an international system in which what are called American interests -- which primarily means business interests, can flourish. And, secondly, it has an internal economic task. I mean, the Pentagon has been the primary Keynesian mechanism whereby the government intervenes to maintain what is ludicrously called the health of the economy by inducing production, that means production of waste.

Now, both these functions serve certain interests, in fact dominant interests, dominant class interests in American society. But I don't think in any sense they serve the public interest, and I think that this system of production of waste and of destruction would essentially be dismantled in a libertarian society. Now, one shouldn't be too glib about this. If one can imagine, let's say, a social revolution in the United States -- that's rather distant, I would say, but if that took place, it's hard to imagine that there would be any credible enemy from the outside that could threaten that social revolution -- we wouldn't be attacked by Mexico or Cuba, let's say. An American revolution would not require, I think, defense against aggression. On the other hand, if a libertarian social revolution were to take place, say, in western Europe, then I think the problem of defense would be very critical.

INTERVIEWER: I was going to say, it can't surely be inherent to the anarchist idea that there should be no self-defense, because such anarchist experiments as there have been have, on the record, actually been destroyed from without.

CHOMSKY: Ah, but I think that these questions cannot be given a general answer. They have to be answered specifically, relative to specific historical and objective conditions.

INTERVIEWER: It's just that I found a little difficulty in following your description of the proper democratic control of this kind of organisation, because I find it a little hard to see the generals controlling themselves in the manner you would approve of.

CHOMSKY: That's why I do want to point out the complexity of the issue. It depends on the country and the society that you're talking about. In the United States, one kind of problem arises. If there were a libertarian social revolution in Europe, then I think the problems you raise would be very serious, because there would be a serious problem of defense. That is, I would assume that if libertarian socialism were achieved at some level in Western Europe, there would be a direct military threat both from the Soviet Union and by the United States. And the problem would be how that should be countered. That's the problem that was faced by the Spanish revolution. There was direct military intervention by Fascists, by Communists and by liberal democracies in the background, and the question how can one defend oneself against attack at this level is a very serious one.

However, I think we have to raise the question whether centralised, standing armies, with high

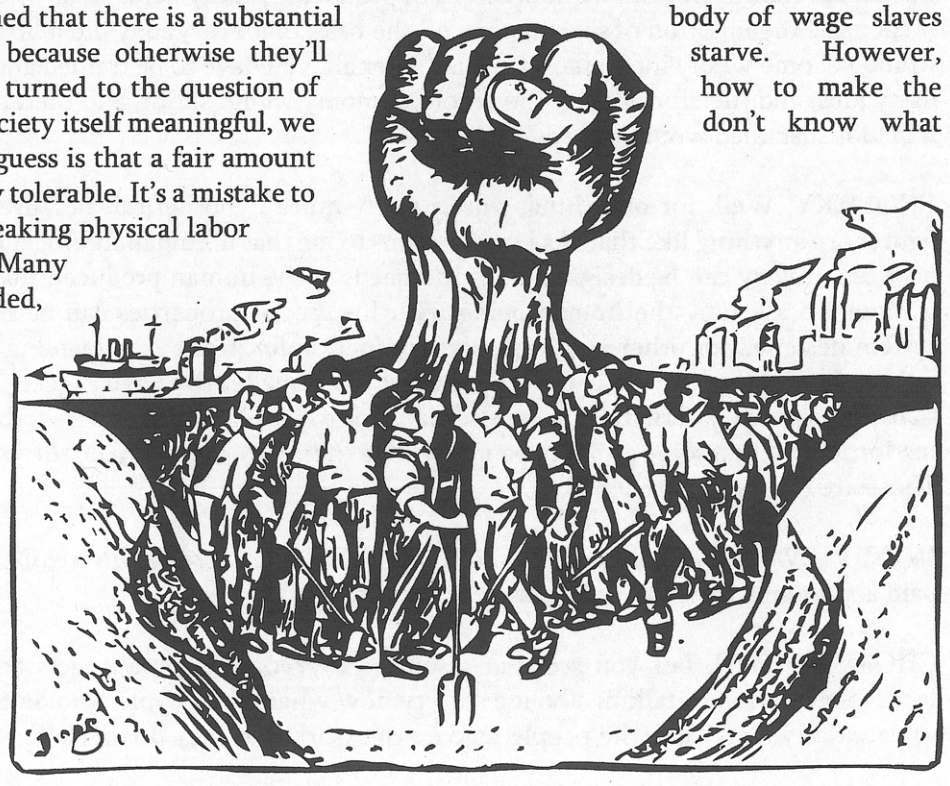
technology deterrents, are the most effective way to do that. And that's by no means obvious. For example, I don't think that a Western European centralised army would itself deter a Russian or American attack to prevent libertarian socialism -- the kind of attack that I would quite frankly expect at some level: maybe not military, at least economic.

INTERVIEWER: But nor on the other hand, would a lot of peasants with pitchforks and spades...

CHOMSKY: We're not talking about peasants. We're talking about a highly sophisticated, highly urban industrial society. And it seems to me, its best method of defense would be its political appeal to the working class in the countries that were part of the attack. But again, I don't want to be glib. It might need tanks, it might need armies. And if it did, I think we can be fairly sure that that would contribute to the possible failure or at least decline of the revolutionary force -- for exactly the reasons that you mentioned. That is, I think it's extremely hard to imagine how an effective centralised army deploying tanks, planes, strategic weapons, and so on, could function. If that's what's required to preserve the revolutionary structures, then I think they may well not be preserved.

INTERVIEWER: If the basic defense is the political appeal, or the appeal of the political and economic organisation, perhaps we could look in a little more detail at that. You wrote, in one of your essays, that "in a decent society, everyone would have the opportunity to find interesting work and each person would be permitted the fullest possible scope for his talents." And then, you went on to ask: "What more would be required in particular, extrinsic reward in the form of wealth and power? Only if we assume that applying one's talents in interesting and socially useful work is not rewarding in itself." I think that that line of reasoning is certainly one of the things that appeals to a lot of people. But it still needs to be explained, I think, why the kind of work which people would find interesting and appealing and fulfilling to do would coincide at all closely with the kind which actually needs to be done, if we're to sustain anything like the standard of living which people demand and are used to.

CHOMSKY: Well, there's a certain amount of work that just has to be done if we're to maintain that standard of living. It's an open question how onerous that work has to be. Let's recall that science and technology and intellect have not been devoted to examining that question or to overcoming the onerous and self-destructive character of the necessary work of society. The reason is that it has always been assumed that there is a substantial body of wage slaves who will do it simply because otherwise they'll starve. However, if human intelligence is turned to the question of how to make the necessary work of the society itself meaningful, we don't know what the answer will be. My guess is that a fair amount of it can be made entirely tolerable. It's a mistake to think that even back-breaking physical labor is necessarily onerous. Many people, myself included, do it for relaxation. Well, recently, for example, I got it into my head to plant thirty-four trees in a meadow behind the house, on the State Conservation Commission, which means I had to dig thirty-four holes in the sand. You know, for me, and what I



do with my time mostly, that's pretty hard work, but I have to admit I enjoyed it. I wouldn't have enjoyed it if I'd had work norms, if I'd had an overseer, and if I'd been ordered to do it at a certain moment, and so on. On the other hand, if it's a task taken on just out of interest, fine, that can be done. And that's without any technology, without any thought given to how to design the work, and so on.

INTERVIEWER: I put it to you that there may be a danger that this view of things is a rather romantic delusion, entertained only by a small elite of people who happen, like professors, perhaps journalists, and so on, to be in the very privileged situation of being paid to do what anyway they like to do.

CHOMSKY: That's why I began with a big "If". I said we first have to ask to what extent the necessary work of the society -- namely that work which is required to maintain the standard of living that we want -- needs to be onerous or undesirable. I think that the answer is: much less than it is it today. But let's assume there is some extent to which it remains onerous. Well, in that case, the answer's quite simple: that work has to be equally shared among people capable of doing it.

INTERVIEWER: And everyone spends a certain number of months a year working on an automobile production line and a certain number of months collecting the garbage and...

CHOMSKY: If it turns out that these are really tasks which people will find no self-fulfillment in. Incidentally, i don't quite believe that. As I watch people work, craftsmen, let's say, automobile mechanics for example, I think one often finds a good deal of pride in work. I think that that kind of pride in work well done, in complicated work well done, because it takes thought and intelligence to do it, especially when one is also involved in management of the enterprise, determination of how the work will be organised, what it is for, what the purposes of the work are, what'll happen to it, and so on -- I think all of this can be satisfying and rewarding activity which in fact requires skills, the kind of skills people will enjoy exercising. However, I'm thinking hypothetically now. Suppose it turns out there is some residue of work which really no one wants to do, whatever that may be -- okay, then I say that the residue of work must be equally shared, and beyond that, people will be free to exercise their talents as they see fit.

INTERVIEWER: I put it you, Professor, that if that residue were very large, as some people would say it was, if it accounted for the work involved in producing ninety per cent of what we all want to consume -- then the organisation of sharing this, on the basis that everybody did a little bit of all the nasty jobs, would become wildly inefficient. Because, after all, you have to be trained and equipped to do even the nasty jobs, and the efficiency of the whole economy would suffer, and therefore the standard of living which it sustained would be reduced.

CHOMSKY: Well, for one thing, this is really quite hypothetical, because I don't believe that the figures are anything like that. As I say, it seems to me that if human intelligence were devoted to asking how technology can be designed to fit the needs of the human producer, instead of conversely -- that is, now we ask how the human being with his special properties can be fitted into a technological system designed for other ends, namely, production for profit -- my feeling is that if that were done, we would find that the really unwanted work is far smaller than you suggest. But whatever it is, notice that we have two alternatives. One alternative is to have it equally shared, the other is to design social institutions so that some group of people will be simply compelled to do the work, on pain of starvation. Those are the two alternatives.

INTERVIEWER: Not compelled to do it, but they might agree to do it voluntarily because they were paid an amount which they felt made it worthwhile.

CHOMSKY: Well, but you see, I'm assuming everyone essentially gets equal remuneration. Don't forget that we're not talking about a society now where the people who do the onerous work are paid substantially more than the people who do the work that they do on choice -- quite the opposite. The

way our society works, the way any class society works, the people who do the unwanted work are the ones who are paid least. That work is done and we sort of put it out of our minds, because it's assumed that there will be a massive class of people who control only one factor of production, namely their labor, and have to sell it, and they'll have to do that work because they have nothing else to do, and they'll be paid very little for it. I accept the correction. Let's imagine three kinds of society: one, the current one, in which the undesired work is given to wage-slaves. Let's imagine a second system in which the undesired work, after the best efforts to make it meaningful, is shared. And let's imagine a third system where the undesired work receives high extra pay, so that individuals voluntarily choose to do it. Well, it seems to me that either of the two latter systems is consistent with -- vaguely speaking -- anarchist principles. I would argue myself for the second rather than the third, but either of the two is quite remote from any present social organisation or any tendency in contemporary social organisation.

INTERVIEWER: Let me put that to you in another way. It seems to me that there is a fundamental choice, however one disguises it, between whether you organise work for the satisfaction it gives to the people who do it, or whether you organise it on the basis of the value of what is produced for the people who are going to use or consume what is produced. And that a society that is organised on the basis of giving everybody the maximum opportunity to fulfill their hobbies, which is essentially the work-for-work's-sake view, finds its logical culmination in a monastery, where the kind of work which is done, namely prayer, is work for the self-enrichment of the worker and where nothing is produced which is of any use to anybody and you live either at a low standard of living, or you actually starve.

CHOMSKY: Well, there are some factual assumptions here, and I disagree with you about the factual assumptions. My feeling is that part of what makes work meaningful is that it does have use, that its products do have use. The work of the craftsman is in part meaningful to that craftsman because of the intelligence and skill that he puts into it, but also in part because the work is useful, and I might say, the same is true of scientists. I mean, the fact that the kind of work you do may lead to something else -- that's what it means in science, you know -- may contribute to something else, that's very important quite apart from the elegance and beauty of what you may achieve. And I think that covers every field of human endeavor. Furthermore, I think if we look at a good part of human history, we'll find that people to a substantial extent did get some degree of satisfaction -- often a lot of satisfaction -- from the productive and creative work that they were doing. And I think that the chances for that are enormously enhanced by industrialisation. Why? Precisely because much of the most meaningless drudgery can be taken over by machines, which means that the scope for really creative human work is substantially enlarged.

Now, you speak of work freely undertaken as a hobby. But I don't believe that. I think work freely undertaken can be useful, meaningful work done well. Also, you pose a dilemma that many people pose, between desire for satisfaction in work and a desire to create things of value to the community. But it's not so obvious that there is any dilemma, any contradiction. So, it's by no means clear -- in fact, I think it's false -- that contributing to the enhancement of pleasure and satisfaction in work is inversely proportional to contributing to the value of the output.

INTERVIEWER: Not inversely proportional, but it might be unrelated. I mean, take some very simple thing, like selling ice-creams on the beach on a public holiday. It's a service to society: undoubtedly people want ice-creams, they feel hot. On the other hand, it's hard to see in what sense there is either a craftsman's joy or a great sense of social virtue or nobility in performing that task. Why would anyone perform that task if they were not rewarded for it?

CHOMSKY: I must say, I've seen some very cheery-looking ice cream vendors...

INTERVIEWER: Sure, they're making a lot of money.

CHOMSKY: ... who happen to like the idea that they're giving children ice-creams, which seems to me

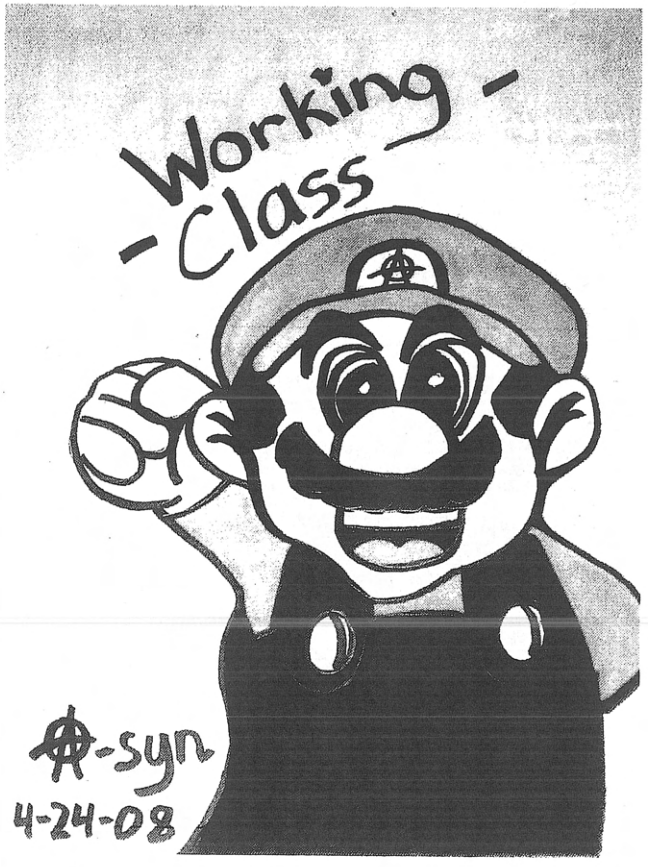
a perfectly reasonable way to spend one's time, as compared with thousands of other occupations that I can imagine.

Recall that a person has an occupation, and it seems to me that most of the occupations that exist -- especially the ones that involve what are called services, that is, relations to human beings -- have an intrinsic satisfaction and rewards associated with them, namely in the dealings with the human beings that are involved. That's true of teaching, and it's true of ice cream vending. I agree that ice cream vending doesn't require the commitment or intelligence that teaching does, and maybe for that reason it will be a less desired occupation. But if so, it will have to be shared.

However, what I'm saying is that our characteristic assumption that pleasure in work, pride in work, is either unrelated to or negatively related to the value of the output is related to a particular stage of social history, namely capitalism, in which human beings are tools of production. It is by no means necessarily true. For example, if you look at the many interviews with workers on assembly lines, for example, that have been done by industrial psychologists, you find that one of the things they complain about over and over again is the fact that their work simply can't be done well; the fact that the assembly line goes through so fast that they can't do their work properly. I just happened to look recently at a study of longevity in some journal on gerontology which tried to trace the factors that you could use to predict longevity -- you know, cigarette smoking and drinking, genetic factors -- everything was looked at. It turned out, in fact, that the highest predictor, the most successful predictor, was job satisfaction.

INTERVIEWER: People who have nice jobs live longer.

CHOMSKY: People who are satisfied with their jobs. And I think that makes a good deal of sense, you know, because that's where you spend your life, that's where your creative activities are. Now what leads to job satisfaction? Well, I think many things lead to it, and the knowledge that you are doing something useful for the community is an important part of it. Many people who are satisfied with their work are people who feel that what they're doing is important to do. They can be teachers, they can be doctors, they can be scientists, they can be craftsmen, they can be farmers. I mean, I think the feeling that what one is doing is important, is worth doing, contributes to those with whom one has social bonds, is a very significant factor in one's personal satisfaction.



And over and above that there is the pride and the self-fulfilment that comes from a job well done -- from simply taking your skills and putting them to use. Now, I don't see why that should in any way harm, in fact I should think it would enhance, the value of what's produced.

But let's imagine still that at some level it does harm. Well, okay, at that point, the society, the community, has to decide how to make compromises. Each individual is both a producer and a consumer, after all, and that means that each individual has to join in these socially determined compromises -- if in fact there are compromises. And again I feel the nature of the compromise is much exaggerated because of the distorting prism of the really

coercive and personally destructive system in which we live.

INTERVIEWER: All right, you say the community has to make decisions about compromises, and of course communist theory provides for this in its whole thinking about national planning, decisions about investment, direction of investment, and so forth. In an anarchist society, it would seem that you're not willing to provide for that amount of governmental superstructure that would be necessary to make the plans, make the investment decisions, to decide whether you give priority to what people want to consume, or whether you give priority to the work people want to do.

CHOMSKY: I don't agree with that. It seems to me that anarchist, or, for that matter, left-Marxist structures, based on systems of workers' councils and federations, provide exactly the set of levels of decision-making at which decisions can be made about a national plan. Similarly, state socialist societies also provide a level of decision-making -- let's say the nation -- in which national plans can be produced. There's no difference in that respect. The difference has to do with participation in those decisions and control over those decisions. In the view of anarchists and left-Marxists -- like the workers' councils or the Council Communists, who were left-Marxists -- those decisions are made by the informed working class through their assemblies and their direct representatives, who live among them and work among them. On the state socialist systems, the national plan is made by a national bureaucracy, which accumulates to itself all the relevant information, makes decisions, offers them to the public, and says, "You can pick me or you can pick him, but we're all part of this remote bureaucracy." These are the poles, these are the polar opposites within the socialist tradition.

INTERVIEWER: So, in fact, there's a very considerable role for the state and possibly even for civil servants, for bureaucracy, but it's the control over it that's different.

CHOMSKY: Well, see, I don't really believe that we need a separate bureaucracy to carry out governmental decisions.

INTERVIEWER: You need various forms of expertise.

CHOMSKY: Oh, yes, but let's take expertise with regard to economic planning, because certainly in any complex industrial society there should be a group of technicians whose task it is to produce plans, and to lay out the consequences of decisions, to explain to the people who have to make the decisions that if you decide this, you're likely to get this consequence, because that's what your programming model shows, and so on. But the point is that those planning systems are themselves industries, and they will have their workers' councils and they will be part of the whole council system, and the distinction is that these planning systems do not make decisions. They produce plans in exactly the same way that automakers produce autos. The plans are then available for the workers' councils and council assemblies, in the same way that autos are available to ride in. Now, of course, what this does require is an informed and educated working class. But that's precisely what we are capable of achieving in advanced industrial societies.

INTERVIEWER: How far does the success of libertarian socialism or anarchism really depend on a fundamental change in the nature of man, both in his motivation, his altruism, and also in his knowledge and sophistication?

CHOMSKY: I think it not only depends on it but in fact the whole purpose of libertarian socialism is that it will contribute to it. It will contribute to a spiritual transformation -- precisely that kind of great transformation in the way humans conceive of themselves and their ability to act, to decide, to create, to produce, to enquire -- precisely that spiritual transformation that social thinkers from the left-Marxist traditions, from Luxembourg, say, through anarcho-syndicalists, have always emphasised. So, on the one hand, it requires that spiritual transformation. On the other hand, its purpose is to create institutions which will contribute to that transformation in the nature of work, the nature of creative

activity, simply in social bonds among people, and through this interaction of creating institutions which permit new aspects of human nature to flourish. And then the building of still more libertarian institutions to which these liberated human beings can contribute. This is the evolution of socialism as I understand it.

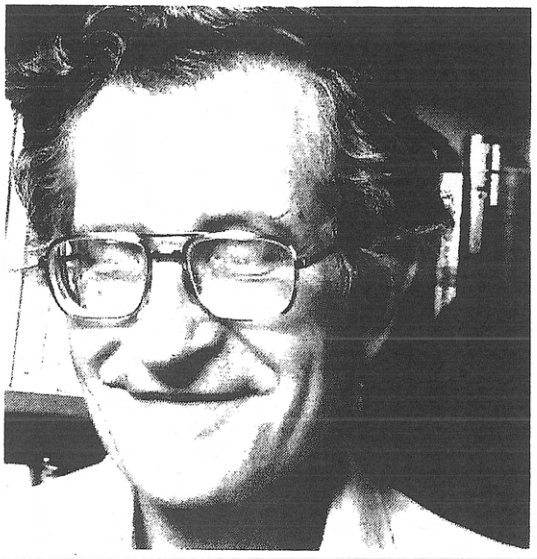
INTERVIEWER: And finally, Professor Chomsky, what do you think of the chances of societies along these lines coming into being in the major industrial countries in the West in the next quarter of a century or so?

CHOMSKY: I don't think I'm wise enough, or informed enough, to make predictions and I think predictions about such poorly understood matters probably generally reflect personality more than judgment. But I think this much at least we can say: there are obvious tendencies in industrial capitalism towards concentration of power in narrow economic empires and in what is increasingly becoming a totalitarian state. These are tendencies that have been going on for a long time, and I don't see anything stopping them really. I think those tendencies will continue. They're part of the stagnation and decline of capitalist institutions.

Now, it seems to me that the development towards state totalitarianism and towards economic concentration -- and, of course, they are linked -- will continually lead to revulsion, to efforts of personal liberation and to organisational efforts at social liberation. And that'll take all sorts of forms. Throughout all Europe, in one form or another, there is a call for what is sometimes called worker participation or co-determination, or even sometimes worker control. Now, most of these efforts are minimal. I think that they're misleading -- in fact, may even undermine efforts for the working class to liberate itself. But, in part, they're responsive to a strong intuition and understanding that coercion and repression, whether by private economic power or by the state bureaucracy, is by no means a necessary feature of human life. And the more those concentrations of power and authority continue, the more we will see revulsion against them and efforts to organise and overthrow them. Sooner or later, they'll succeed, I hope.

Good night, sweet anarchists.

xx n.c.



No Bad Whores, **Just Bad Laws**

Written by Mish Charles
Edited by Elena Jeffreys

Definitions

Sex work: any work that is sexual in nature; includes exotic dancing, phone sex operators, stripping, erotic massage, peep shows, brothel work, escort work, private work.
Brothel: Working from a particular premises (DA or non-DA Approved), the clients pay of money that is split between the house and the worker.
Escort: Visiting a client at a hotel or their home.
Private: typically where the sex worker advertises themselves, has clients contact them directly, and is in charge of the organisation and provision of services.
Massage: a massage followed by either hand or oral relief.
Street: Meeting clients and negotiating services on the street.

Australian sex industry laws are developed at a State and Territory level. The various models range from decriminalisation through to complete criminalisation, with legalisation somewhere in between. Furthermore, each sector of the industry (brothel, massage parlour, private, escort and street based sex work) is dealt with differently and varies greatly across Australia.

The most media portrayed image of a sex worker is that of a street based worker despite the fact that street based sex work accounts for only 1-2% of the industry. Street based sex work is very flexible compared to other sex work, and as such sex workers may engage in the industry at multiple areas at once, e.g. a street based worker may do also private work and private workers will also work in brothels – and vice versa. Media representations of sex work imply hierarchy of sex work from private work at the top, to brothel work, and with street based work on the bottom. This hierarchy is damaging and based on stigma and misunderstanding about sex work. The diversity of the sex industry is one of its strongest attributes, providing a variety of different ways to work within it.

Whilst most of the sex industry in New South Wales is decriminalised, councils have effectively prohibited Development Approvals of the industry and overregulated it to such an extent that only larger well-funded brothels can afford the costs of $100,000 in the Land And Environment Court. Thus, the smaller operators unable to relocate are deemed unauthorised and closed down. This forces workers to then either work in a larger brothel or find other ways to work.

'Decriminalisation in NSW has been consciously and inadvertently undermined, driving smallscale business underground' (Private Workers Alliance of NSW, 2003)
Less than 10% of the sex industry in New South Wales complies with local council policies meaning the majority are unauthorized.

Street work
Illegal in Australia, except NSW, where it is illegal in sight of schools, churches, hospitals and freestanding residences. Street-work is subject to discrimination and violence, including by police. Street-workers will often feel unable to report crimes against them (such as violence, theft and sexual assault) to police out of fear of discrimination, stigmatisation, blame and further violence.

Brothels

Brothels are effectively illegal in SA, NT and TAS, and are only legal in designated areas of WA and ACT. Even where brothels are legal, they are subject to raids, heavy policing and expensive application processes. Another issue is that two or more sex workers operating from home can be considered a brothel, and legal action taken against them if they have not gone through a lengthy and expensive brothel application process.

Private work

Effectively illegal in SA and TAS where it is illegal to live off the earnings of prostitution. Regulations on private work are extremely varied across Australia. In VIC, private workers must register with the government, and it has only been recently that ex-sex workers are able to have their names removed (through a lengthy bureaucratic process). In QLD, NT and WA, private workers must work alone. This means that 'doubles' (hiring more than one sex worker) is illegal (all but eliminating a client's lesbian fantasy), and it illegal for a private sex worker to have a driver, receptionist etc, (and is even technically illegal for them to have an accountant). In NT the arrangement/organisation of sex work must be in a different area to the provision of the service, this means that if you verbally take the booking at one location, you must work in another location to still be working legally.

Sexual Health

Some States and Territories implement legislation that attempt to control the sexual health of sex workers and clients, ignoring the fact that it is sex workers who are in the best position to protect both parties. In the ACT and QLD it is illegal for a sex worker to offer any penetrative service without a condom, which has resulted in two sex workers in QLD being recently charged and fined for verbally agreeing to provide oral sex without a condom. In ACT it is illegal for a sex worker to work if they have an STI, which resulted in an HIV positive worker being gaoled late last year, even though Simon Corbell, the ACT Attorney General, publicly stated that "being an HIV positive person whilst being a sex worker, does not pose a danger to the community." In VIC sex workers are required to take sexual health tests every month and produce a certificate

stating when they had their last sexual health check on demand, in QLD it is every three months. In NT clients must be informed of any blood borne virus (including HIV, HEP A/B/C) the sex worker has. Due to confusion of legislation, many brothels believe they are responsible for the monitoring of the sexual health of the sex workers.

Entrapment

In some areas of Australia, including QLD and WA, it is legal for police to entrap or deceive sex workers by posing as a client and attempting to convince the sex worker into agreeing to perform an 'illegal' act.

Anti-Discrimination

The only place in Australia where anti-discrimination laws apply to sex workers is QLD. This means sex workers can be legally refused services and accommodation. Examples of this include sex workers having to pay more for advertising space in newspapers, and the refusal of bank loans or insurance based on being a sex worker.

Trafficking

The global anti-trafficking lobby threatens to affect the rights of sex workers and to inform sex industry legislation. The anti-trafficking lobby, understood by many to have been railroaded by abolitionists, whose agenda in this debate is more intent on stopping the sex industry globally than assisting women who are trafficked against their will. There are already many examples of laws and policy which seek to address trafficking but which negatively impact on sex workers.

In Australia we are beginning to see the effects of the abolitionist agenda. Project (Dis)Respect calling for the 're-criminalisation' of the sex industry as the answer to stopping trafficking. This call, along with a push by abolitionists in Australia for the introduction of legislation like that of Sweden, which targets and criminalises the clients of sex workers in an attempt to end the sex industry by stopping demand, are yet to have an impact on state based sex industry law in Australia but are set to shift sex industry law reform debate further away from improving sex worker occupational health and safety and closer to a abolitionist driven agenda

of whether female sex workers are exploited in their work.

A small group of feminists based in Melbourne have actively created blocks to the realisation of sex worker rights in Australia, particularly in Victoria and Tasmania. Claiming that all sex workers are exploited and that we suffer "false consciousness" if we believe otherwise, they have silenced sex worker voices in feminist spaces and academic discourses where they dominate. Sheila Jeffreys[1] of Melbourne University is the chief protagonist of this hate-speech, and she has been known to fail students who take a sex worker rights angle in assignments. A favourite target of these feminists is Asian sex workers, who they claim need 'rescuing' - this has contributed to harsh anti-trafficking laws in Australia that infringe upon the human rights of that group.

What is clear, is that when the sex industry is criminalized, sex workers working in that industry are much more vulnerable to exploitation and have less ability to report crime or harassment. There is now some strong research emanating from Sweden on the negative impacts of Swedish model of sex industry law reform on sex workers but unfortunately the voices and experiences of the workers in the industry seem to be largely ignored.

Until the objective of Australian sex industry law reform is to endorse sex work as a legitimate form of work and to provide the workers of this industry with the same entitlements as workers in other industries, equitable access to safe working environments, we will continue to endure laws which do little more than endorse discrimination against sex workers by the implication that sex workers are different and as such can be treated differently.

Sex work is skilled work! If you are a sex worker you may consider joining your national organisation, Scarlet Alliance, The Australian Sex Workers Association: http://www.scarletalliance.org.au (you can also join us on facebook)

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1 Sheila Jeffreys is also extremely trans*phobic, biphobic and racist.

ANATOMY OF AN 'EVICTION RIOT' IN SYDNEY DURING THE GREAT DEPRESSION

BY DREW COTTLE

On 17 June 1931, 'one of the most serious disturbances ever dealt with by the police' in carrying out an eviction order took place at a barricaded house in Brancourt Avenue, Bankstown.[1] The 'Battle of Bankstown' was described as the 'fiercest that has yet occurred in Sydney between the police and those opposed to law and order.'[2] The clash was regarded 'as the most serious and the most significant of its kind in the history of the State.'[3] The 'riot' was seen as 'the fiercest fight between the police and Communists in the history of Sydney.'[4] The incident which occurred in the outer-Sydney suburb in 1931 was the culmination of an escalating struggle over housing that was generated by the economic circumstances of the Great Depression.

In June 1931, metropolitan Sydney was in the grip of an economic crisis. Thousands of Sydney's workers had been made jobless as the city's factories, workshops, warehouses and offices were closed or bankrupted by the Depression. Much of Sydney's population had by that time been out of work for more than two years. The Great Depression had been preceded in Sydney by a building boom. Beginning in the 1920s, this boom had seen new suburbs created which followed the railway lines to Bankstown and East Hills. Many of the dwellings constructed in these new suburbs were financed by banks and property speculators. With the onset of the Depression at the end of the 1920s the building sector collapsed, leaving many of Sydney's workers to confront unemployment and homelessness. Despite the building boom, most of the city's workers had continued to live in rented dwellings in the industrial inner suburbs. In Depression-era Sydney, the working class remained a renting class, residing largely in housing that had been built during the last decades of the nineteenth century.[5] As the Depression deepened, housing and food were the fundamental necessities for the unemployed. For working class families, the rent became the essential item in their budget.

Sydney in 1931 was a city of mass unemployment. To ease the manifold problems created by large-scale unemployment, the Lang Labor government of New South Wales established the dole. The dole ensured that the jobless would receive rationed items of food but it did not include any allowance for the payment of rent.

The fundamental need for assistance with rental payments or the provision of alternative housing was never addressed by the 1930s dole system.[6] While the Depression prevailed, housing was a perennial problem for the renting class, with varying consequences. Many unemployed tenants, fearing the bailiff's seizure of their possessions as payment for rent owed, embarked on the 'midnight flit' to unoccupied houses in the same street or suburb. Other tenants, similarly unable to pay the rent, were allowed to remain by landlords who

were mindful of their property. Still others were evicted and made destitute, forced to construct makeshift dwellings in camps or 'Happy Valleys' at La Perouse, Milperra, or Clontarf.[7]

The Depression spared no sector of the economy as, from 1930 onwards, homelessness and unemployment in Sydney steadily increased. Employers, parliamentary political parties and the nation's trade union movement had no solution to the growing problems caused by the Depression. Comprising only a miniscule membership in that period, the Communist Party of Australia believed the Depression would result in the death of the capitalist system. Party members prepared for what they saw as the imminent demise of capitalism by organising the working class in campaigns which they hoped would realise the creation of socialism in Australia.[8] To this end, the Unemployed Workers' Movement (UWM) was founded in a meeting on May Day 1930 at Sydney's Trades Hall.[9]

Although Communist Party functionaries were its leaders and principal organisers, the UWM quickly expanded beyond the control of the Party. Within months of its formation, UWM branches were established in most of Sydney's working class suburbs. If the Communist Party believed the UWM would be a focus of mass mobilisation to overthrow capitalism within Australia, the jobless who joined the UWM saw it merely as a means of bringing the housing crisis to an end.[10] During the Depression, Labor Party associations' advocacy for the unemployed was limited to the petitioning of local councils for rent assistance and the sending of deputations to Labor Party branch meetings. The UWM did not simply act on behalf of the jobless; in contrast to the Labor-affiliated organisations, it was the unemployed who were involved and engaged in the activities of the UWM. However, the form of collective direct action that was eventually adopted by the UWM would prove abhorrent to both the Labor Party and Sydney's landlords.[11]

Those attracted to the UWM were a minority amongst the population of Sydney. The formation and rapid expansion of the UWM did not stop evictions from occurring in Australia's largest city during the Depression years. Nevertheless, in metropolitan Sydney from May 1930 until June 1931, the UWM staged a series of occupations in an effort to prevent the impending evictions of out of work tenants.[12] These occupations demonstrated a way of confronting, although not ceasing, the housing crisis for the jobless. While the occupations carried out by the UWM in this period were relatively few in number, the Communist Party newspaper, Workers' Weekly, described them as part of an 'anti-eviction war'. Sydney's establishment interpreted the activities of the UWM as being the catalyst for potentially sparking a social revolution by the militant unemployed. The notion that the UWM was inciting a radical rebellion or an anti-eviction 'war' was exaggerated and simplistic. The aims and actions of the UWM were limited to the attempted prevention of evictions in order to ensure that poor families had shelter while the Depression persisted. For some sections of society, however, the objectives of the Unemployed Workers' Movement were alarming. A number of Sydney's leading landlords and real estate agents sent a deputation on the issue to New South Wales Premier Jack Lang. They delivered an urgent appeal to Lang for a more aggressive posture by the police in making certain that evictions were carried out. While the police conducted any eviction that involved the UWM, other evictions continued to be overseen by bailiffs.[13]

Most of the UWM's successful occupations took place close to the centre of Sydney. Within the city's heavily populated inner suburbs, the UWM was able to form branches that were between two hundred and five hundred members strong, as well as mobilising significant

support throughout its occupations. Security records list the names and activities of those who comprised the UWM's leadership, whilst its rank and file branch activists and supporters remain largely anonymous.[14]

The first of the UWM's anti-eviction campaigns that produced a positive outcome for the tenants was conducted in Glebe on New Year's Day 1931. A widow living in a one-room Glebe cottage with her children owed three weeks rent. The gas and electricity supply to the cottage had been shut off because the tenant had not repaid this debt. Members of the Glebe UWM branch intervened on the widow's behalf, meeting with the owner outside the cottage. The owner was persuaded to allow the woman and her children to remain rent-free. This Glebe case, resolved in the tenant's favour without incident, led the UWM to take more radical action in similar instances.[15]

In Surry Hills in February 1931, a Greek family renting a cottage owned by the Permanent Trustee Company was served with an eviction order. They were £5 in arrears. At the same time, the Permanent Trustee Company was threatening to eject many of its other Surry Hills tenants. With a growing body of local residents, the UWM organised pickets to prevent the family's removal. Reflecting community support for the UWM action, local shopkeepers and residents provided the picketers with food throughout February 1931. Several attempts by bailiffs to evict the Greek family were thwarted by the UWM. In a course that they would replicate during their Bankstown occupation, the UWM held daily meetings about unemployment and housing outside the Surry Hills cottage. Despite the UWM's picketing, the house was finally repossessed for its Company owners when bailiffs arrived accompanied by the police.[16]

After the Surry Hills eviction, local magistrates began authorising police officers to remove trespassers from private rented property. During March and April 1931, members of the Unemployed Workers' Movement contested a number of evictions that were undertaken by the police. In Donnelly Street, Balmain, the UWM had averted an eviction, however, the tenant and his family later quit the property after receiving repeated police warnings. In Booth Street, Annandale, mass picketing and an occupation by the UWM foiled a police effort to oust tenants. Eviction orders were served on renters at two Rozelle properties, but these were subsequently cancelled by the property owners following the threat of large-scale occupations by the UWM.[17]

The Unemployed Workers' Movement began to involve itself in eviction struggles beyond the confines of Sydney's inner suburbs. To the disbelief of local police, a UWM occupation of a rented house at Granville caused the landlord to retract the eviction order. At a property in Lakemba, sixty UWM members resisted police attempts to remove the tenants on 1 May 1931. Two of the family of eight who were renting the Lakemba house were a father and son who had served in the First World War. Along with the UWM, the family's plight attracted the support of nearly 1,000 ex-diggers who converged on the property to prevent them from being thrown out. Following this mass pressure, the real estate agent permitted the family to remain indefinitely. A similar outcome was achieved for the tenants of another rented house in Lakemba. In that case, a UWM occupation had again precluded an eviction. The tenants, a family of six, were allowed to stay on the premises without paying rent until work could be found by the parents.[18]

While the UWM gained confidence from these occupations, the police and many of Sydney's landlords believed that a greater degree of force was needed to ensure that the UWM did

not prevail at contested evictions in the future. Violent confrontations between the police and Unemployed Workers' Movement members appeared inevitable. The eviction struggle at Douglas Street in Redfern during May 1931 established this new direction in violent confrontation. For ten years, the Douglas Street house had been rented by the McNamara family, who had always paid the rent promptly. The family's breadwinner, Jack McNamara, had lost his job as a boot machinist in a factory closure in December 1929 but managed to continue paying the rent for a further year. By May 1931, however, the McNamaras were £25 in arrears. The landlord ordered their eviction but the UWM intervened, picketing the property. Despite pressure from the Redfern police, the Douglas Street house was occupied by the McNamara family and five members of the UWM. They padlocked the doors, barricaded the window and hung a red flag from the verandah. On 30 May 1931, a squad of fifteen police officers smashed through the front door and beat several of the UWM members with batons as they tried to escape. With their revolvers drawn, the police ordered the crowd that had gathered in the street to disperse. The McNamaras were evicted and three arrests resulted from the UWM's actions.[19]

The Redfern clash led to greater organised resistance by the UWM at an occupied house in Starling Street, Leichhardt. While the Redfern eviction had involved fifteen police officers, police numbers were increased fivefold to execute the eviction order at Starling Street. Eighty police officers armed with guns and batons were despatched to the Leichhardt residence. They confronted a crowd of almost two hundred UWM supporters outside the house, and a struggle ensued. Injuries were incurred by both police officers and protesters, three women and two men were arrested, and the tenants were removed from the property.[20] In the aftermath of the Starling Street affray, the Sydney newspaper, The Sun, editorialised that Communists were working 'the men into a state of ferment' to take offensive action against the police and 'were intent on achieving a very large measure of civil commotion if not violent rioting'.[21] Resolute action was needed to destroy the likelihood of such happenings, however exaggerated.

It is within this context of police reaction to the rising militancy of the unemployed that the Bankstown 'eviction riot' may be analysed. The 'Battle of Bankstown' was the outer urban exception in the Unemployed Workers' Movement's campaign against the eviction of poor families. Unlike all of the UWM's previous occupations, demonstrations and picketing activities, each of the seventeen unemployed men involved in the occupation at Brancourt Avenue, Bankstown were arrested and charged by police. The Bankstown occupation proved to be a turning point in both the tactics used by the UWM to forestall evictions and the police response to these tactics.

In 1931, Bankstown was at the end of a tram-line, and was then one of suburban Sydney's most westerly extremities. It was a semi-rural area where developers in the 1920s had subdivided small farms and built scattered rows of domestic housing along unsealed, unlit streets. Most of this suburban development consisted of two-bedroom houses made of brick or fibroplaster. The house at 92 Brancourt Avenue, which was the scene of the 'Battle of Bankstown', was an example of speculative development. By 1930 over sixty per cent of the district's male breadwinners had been out of work for a year and forty per cent of its houses were unoccupied.[22]

From the first weeks of 1930, jobless men from Bankstown and other outer suburbs had to walk miles to the Labour Bureau office in George Street, in the centre of Sydney, to collect ration

coupons. After agitation by the unemployed, a Labour Bureau office was opened in Bankstown in April 1930. On vacant land near the Chullora Railway Workshops, scores of evicted homeless families from the Bankstown district lived in shacks made of Hessian bags, kerosene tins and saplings. Most of Bankstown's numerous new poor 'got by' on their meagre resources.[23] Charity was tardy as the Depression worsened. Governments in Macquarie Street and Canberra believed there was a need for 'balanced budgets' and 'equality of sacrifice' as the jobless and homeless in Sydney's working class suburbs continued to multiply. In Bankstown a minority of the unemployed stirred into activism. The Workers' Weekly announced in late February 1931 that:

...the following hitherto unattached organisations [of the unemployed] have affiliated with the Unemployed Workers' Movement: Bankstown, Weston, Balmain, Broken Hill and Granville.[24]

By Easter in 1931, the Bankstown branch of the Unemployed Workers' Movement listed over two hundred members. A small unoccupied weatherboard cottage in Marion Street at the foot of Black Charlie's Hill became its headquarters.[25]

The beginnings of the Bankstown occupation were unremarkable, if not commonplace. The house, named 'Auld Reekie', was owned by a war widow, Mrs Isabelle McDonald. It was let to Alfred John Parsons, an ex-digger and itinerant labourer, his wife and two daughters, aged four and ten years, in the first week of February 1931. From early April until mid-May, Parsons failed to pay the rent as he could find no work. He began to attend meetings of the Unemployed Workers' Movement, which were held outdoors on Friday nights near the Bankstown Railway Station.[26] On 21 May 1931 at Campsie Court, Mrs McDonald took out a summons for the Parsons family to quit the property. After a Bankstown police officer delivered the summons to him at Brancourt Avenue, Alfred John Parsons requested that the UWM occupy the house.[27]

Buoyed by the successful UWM struggles in nearby Lakemba in which several of its members had participated, the Bankstown branch of the UWM responded to Parsons' call. The UWM arranged for Parsons' wife and children to be billeted with other unemployed families in the Bankstown district. The exterior walls of the Brancourt Avenue house were sandbagged by the UWM and its windows were enmeshed with barbed wire. These preparations were largely the work of the many unemployed ex-diggers who had supported and taken part in the Lakemba occupations. The words, 'Remember Eureka' were painted above the front door. Pickets on a round-the-clock roster kept watch over the property. On nearby vacant land, which was strewn with discarded building materials, the UWM held stump meetings and sing-a-longs.[28]

As a twelve year old boy, Don Hamilton was taken to these meetings by his father, who was an unemployed bricklayer. A lifelong Bankstown resident, Hamilton remembers: 'Dozens of local men, mostly middle-aged and unemployed, listening to the commo speakers.'[29] It was at these sing-a-longs that seventeen year old Alexander Makaroff played his violin, accompanied by thirty-seven year old timber cutter, John Corbett, who sang popular ballads. Both would be charged and gaoled for participating in the Bankstown 'eviction riot'.[30]

On 4 June 1931, Bankstown Council employees visited 'Auld Reekie' with the intention of cutting its electricity supply. They were refused entry by the Unemployed Workers' Movement pickets. In the first trial of the 'Bankstown Seventeen', one of the council workers, James Webster, a witness for the prosecution, stated that they were 'physically threatened' by a

'commo. mob' and 'as the [Council] lorry pulled away rocks hit the cabin.'[31] This statement was not allowed to be questioned by the counsel for the defence, Clive Evatt. It was repeated in newspaper reports of the trial.[32] Whether rocks were thrown by the pickets remains unknown. Their refusal to have the power supply cut to the house may only have demonstrated their resolve. Nevertheless, unnamed police officers engaged in the Bankstown eviction told the press that the barbed wire covering the house's windows had been electrified. This allegation has never been verified.[33]

From the time the eviction order was delivered until the day of the 'riot', the police never visited the house to urge its occupants to depart, although they knew of the fortifications and the public meetings held at or near the property. It seemed that violent confrontation was not only inevitable but expected. The night before the police besieged the Brancourt Avenue property, the UWM held a sing-a-long on the adjacent vacant land. Alexander Makeroff, the fiddler, was convinced to stay because of the cold and rain.[34] Sixteen other men, most in their mid-thirties, slept on the floors or took their turn as the lookout.

At 6.45am on the morning of 17 June 1931, more than thirty police motor cars and three Black Marias surrounded the occupied house, which was isolated on a corner block. Estimates of the number of police officers who arrived in Brancourt Avenue vary; ranging from the official police figure of forty to the calculation of an eyewitness who put the number at 120.[35] The wide cordon of police narrowed as they drew closer to the house. A large number of younger unnamed officers picked up stones and began throwing them at the windows and onto the tin roof of the house. Small groups of residents awoken by the commotion moved onto the streets and the land surrounding the house. Some police officers turned their pistols towards the onlookers, threatening them to keep away. In the second trial of the Bankstown 'rioters' police witnesses insisted that rocks were hurled by the police only in response to the 'volley of stones' thrown by the occupiers of 'Auld Reekie'.[36]

The names and ages of the seventeen men arrested at 92 Brancourt Avenue, Bankstown were John Bowles, 40; Douglas Owen Kendall, 30; Daniel Sammon, 35; George Cannon Hill, 29; Jack Hansen, 44; John Corbett, 37; Alexander Makoroff, 17; Robert Mitchell, 27; Frederick Smith, 39; Murray Cleveland Lavender, 27; Claude Stevens, 35; John Arthur Terry, 36; Andrew Dunbar Thompson, 56; Arthur Tidman, 29; Harold Woolfe, 41; Richard Alexander Eatock, 28; and the tenant, Alfred John Parsons, 39.[37] Fifteen of the seventeen men arrested at the 'Battle of Bankstown' were members of the Unemployed Workers' Movement.[38] Six of these so-called 'Bankstown Boys' had recently joined the Communist Party of Australia. Only John Bowles was a long-standing activist, having joined the Communist Party at Broken Hill in 1923 when working as a miner.[39] Nine of the men were returned diggers, survivors of either Gallipoli or the Western Front.[40]

When Clive Evatt for the defence attempted to question the police account of the eviction, the judge demanded that he desist. How those crowded inside the house were able to throw stones any distance through closed windows laced with barbed wire or doors that were buttressed with sandbagged was never considered.[41] Unnamed eyewitnesses told a Workers' Weekly reporter that one police officer, shielded behind a gum tree near the backyard fence, fired several shots into the house. In court, Evatt raised this matter during the cross examination of Inspector White of Burwood Police. White denied this had ever happened.

The actions of the Unemployed Workers' Movement in the Bankstown eviction struggle, as well as a subsequent confrontation at Newtown, have been depicted in a song of the militant unemployed:

...At Bankstown and at Newtown
We made the cops feel sore,
We fought well,
They got hell
As we met them at the door
We met them at the door boys
We met them at the door...

The song mythologizes the men involved in both the Bankstown and Newtown evictions as courageous, heroic and even triumphant in their battle against the police. While accounts differ as to what actually took place at 92 Brancourt Avenue, Bankstown on 17 June 1931, it is certain that the seventeen men occupying the house were in no way victorious in their encounter with police. The determined picketing and rallying of the UWM at the Bankstown house adorned with barbed wire and sandbags may indicate that the organisation was preparing for a siege. Indeed, the sandbags and barbed wire could be seen as reminiscent of fortifications used in the trenches during the First World War, of which more than half of the seventeen men were veterans. Despite the appearance of the Bankstown house as a symbolic stockade, it cannot be presumed that the UWM either sought or expected a pitched battle with the police.

The police claimed that, as they forced entry through the front and back doors of the Bankstown house, they were attacked by the occupiers, who were wielding piping and pick-handles. As Inspector White thrust first his revolver and then his head into the house through one of the windows, he was struck with a large stone by Richard Eatock, a Koori brickyard labourer. White suffered a fractured skull. According to two of the arrested men, Claude Stevens and Douglas Owen Kendall, Eatock was shot in the thigh, then batoned and kicked into unconsciousness by four policemen in retaliation for the attack on White.[42] As well as shooting Eatock, police fired on a second occupier, Murray Cleveland Lavender, who received a bullet-graze to the head. Lavender was then handcuffed from behind and pummelled with police batons.[43] With the exception of Arthur Tidman, who was arrested in the backyard as the police advanced on the house, those who had barricaded themselves inside 'Auld Reekie' were severely beaten. Most of the occupiers were dragged out by the police. Several were carried out unconscious. Arthur Tidman described the gruesome spectacle of his fellow occupiers being brought from the house: 'They came out of the place with heads on them like bullocks' livers'.[44]

What occurred within the Bankstown house once the police gained entry cannot be stated incontrovertibly. An unnamed police officer gave his version of events to the crime reporter for The Sun:

When we got inside through the shower of stones, it was cut and slather. We had to go for our lives. Batons, iron bars and pickhandles were flying everywhere.[45]

In their sworn statements at court several of the accused remembered things differently. Andrew Dunbar Thompson, the oldest of the seventeen defendants, maintained in court that the UWM occupants did not attack the police in the Brancourt Avenue house, but merely

defended themselves from baton-brandishing officers. [46]

John Bowles asserted that none of the occupiers threw stones. The police, Bowles claimed, hurled the stones, charged the house and beat the accused men after they were arrested.[47] Another of the defendants, John Arthur Terry, alleged that police smashed down the front door of 'Auld Reekie' and surged into each room, assaulting the defendants. According to Terry, when all the men apart from Tidman and Eatock were handcuffed, they were pushed into the kitchen where they were bashed and kicked until they could not stand. Terry, who served in the Australian Imperial Forces for three years in the trench warfare on the Western Front, stated:

We anticipated no trouble. We were there to remove the barricades. I have never experienced such bestiality. I might say they [the police] were fiends incarnate.[48]

A detailed description of the Brancourt Avenue incident written by one of the arrested men (most likely John Bowles) was published anonymously in a Workers' Weekly article entitled, 'Firing to Kill: Lang Plan in Bankstown':

The police arrived in carload after carload surrounding the cottage on all sides and commenced operations with a volley of stones which smashed the windows and fibrocement walls of the house. Until the police forced their way in, only two workers had been downed; Lavender had received a gunshot wound to the scalp and Dick Eatock was shot through the thigh. The other men were beaten by police, handcuffed and forced into the kitchen at gunpoint. Satisfied their victims were disarmed, one of the police rushed at the tenant yelling: 'This is Parsons. Get him'. This was the signal for an attack on the defenceless prisoners who were kicked and beaten insensible. The soldier comrades who were present said that they had never seen such behaviour even in the worst stages of the war. The police went on a wild orgy of destruction ripping and smashing the walls, the belongings of the tenant, children's clothes, bedding, blankets, even loaves of bread.[49]

The recollections of the seventeen men arrested at the Bankstown residence contrasted sharply with the account of police officers at the scene and reports that appeared in Sydney newspapers. The Sun stated that after Inspector White was injured, the police gave the besieged men, many of whom were wearing Unemployed Workers' Movement badges, no quarter:

Police smashed their way in and a terrific battle ensued between those with batons and guns and those with sticks and iron bars. Police recognised most of their opponents as well-known Communists. The weight of numbers told. Reds were led from the house showing effects of the fight.[50]

After the occupiers were taken away, the police spent nearly two hours clearing the house of debris, which fuelled the bonfire they created in the backyard. What the police left inside the 'Auld Reekie' were stones and an assortment of iron bars and pick-handles that were piled neatly beneath a window at the front of the house. Police allowed this evidence to be photographed by the media. Images of these missiles and weapons were featured on the front page of the Daily Telegraph under the headline, 'Sanguinary Riot'.[51]

Although an unequivocal record of the events at the Brancourt Avenue eviction cannot be ascertained, the disparity between the injuries sustained by police officers and the arrested men

was telling. While the police claimed they were attacked with iron bars and pick-handles by the rioting occupiers, apart from Inspector White, the police received only minor injuries. Several police officers suffered bruises, and cuts and abrasions from broken glass and fibroplaster, and were treated on the spot by the Canterbury-Bankstown District Ambulance service.[52] After being detained at Bankstown Police Station, a number of the arrested men had to be taken to the Western Suburbs District Hospital at Croydon. The Sydney Morning Herald catalogued the injuries of the 'rioters':

Richard Eatock, bullet wound in the right thigh; Alex Makaroff, severe cuts to face and hands, bruises to the body and probably a fracture of the skull; Douglas Kendall, body bruises and an incised wound on the head; John Terry, deep cuts on head and body; John Bowles, lacerated jaws and body bruising; George Hill, lacerated scalp; Harold Woolfe, lacerated scalp; Jack Hanson, incised wounds on the head; Daniel Sammon, lacerated scalp and injuries to hand and arms; and Murray Lavender, severe concussion and contusions to the head.[53]

After spending two days in Long Bay Gaol, fifteen of the 'Bankstown Boys' were formally charged at Central Police Court 'with being armed with offensive weapons at 92 Brancourt Avenue, Bankstown where they unlawfully and riotously gathered to disturb the peace.' Richard Eatock and Murray Lavender remained in hospital. Bail for each of the men was set at £80, an amount that was at the time 'exceptionally high'.[54] None of the accused, who were all unemployed, could afford to pay the bail, so they all remained in gaol as they awaited trial.[55]

The violence at 92 Brancourt Avenue did not quell tension between police and the unemployed. Hours after the anti-eviction 'riot' had concluded a protest meeting near the Bankstown Railway Station was attended by more than 300 people. The speakers at the meeting damned the actions of the police at the Bankstown eviction. One speaker declared that what happened at Brancourt Avenue 'was only the beginning of the revolution'.[56]

Undeterred by the serious beating received by its members at Bankstown, the Unemployed Workers' Movement was engaged in an anti-eviction struggle at Newtown just one day after the Brancourt Avenue incident. Like 'Auld Reekie', the two-storey semi-detached brick terrace in Union Street, Newtown had been fortified with barbed wire and sandbags by its UWM occupiers. After a confrontation lasting nearly an hour, forty police officers overpowered the sixteen occupants who were dragged 'almost insensible' to waiting paddy wagons. The police were jeered and threatened by a crowd of almost 1,000 people. Those arrested at Newtown were charged with riot and joined the Bankstown seventeen as inmates of Long Bay Gaol. In early July 1931, the Newtown defendants were tried, but the jury was divided in its verdict. The charges against them were dismissed and they were freed. For the Bankstown occupiers, however, the judicial process would prove far more lengthy and complicated.

At the first of three trials, sixteen of the Brancourt Avenue occupiers were convicted and one, Claude Stevens, was found not guilty in August 1931. Their defence counsel, Clive Evatt, appealed the convictions to the New South Wales Court of Criminal Appeal. The convictions were quashed and a new trial was ordered because the jury had been improperly selected and the judge had made improper remarks about the defendants during the initial trial.[57] Dissatisfied with the decision of the New South Wales Court of Criminal Appeal, the Lang Labor government appealed to the High Court. The appeal was dismissed by the High Court and the new trial went ahead. This second trial lasted for three days in September 1931, and

ended with a hung jury. Their third and final trial was conducted before Judge Armstrong in the Court of Petty Sessions over four days in November 1931.

During the final trial, evidence was presented to the court that may have explained the defendants' conduct and cast doubt on the legality of the police operation at 92 Brancourt Avenue. The eviction order served on Alfred John Parsons had given him until 18 June 1931 to vacate the property, but the police had arrived to enforce the order on 17 June 1931. This point was verified during the cross examination of Mrs McDonald, the owner of the house.[58] Apart from Richard Eatock, who refused to address the court, each of the defendants stated that they had stayed at the Brancourt Avenue house to assist Parsons in his preparations to depart. Rather than readying themselves for a police siege, the defendants claimed they were planning to spend the 17 June 1931 dismantling the barbed wire, removing the sandbags and cleaning the house before the eviction order came into effect. Neither the judge nor the jury were persuaded by this explanation. Andrew Dunbar Thompson asserted that he was on the premises because he had brought Parsons a work contract to sign for the position of shearers' cook on a property near Nyngan.[59] Parsons claimed that the contract he had signed could not be produced because it was destroyed by the police in their bonfire after the eviction. Thompson's statement was disregarded and the sixteen men were convicted. The police error in removing the occupants a day before the eviction notice was legally valid was overlooked.

Prior to the sentencing of the defendants, their criminal records were read aloud to the court by the Official Gaol Recorder. Their past crimes included resisting arrest in street demonstrations, offensive behaviour outside a Newcastle hotel, the stealing of a bicycle at Cootamundra, being drunken and disorderly at Murray Bridge, and killing and eating a sheep on a Cowra property.[60] The 'Bankstown Boys' were sent to gaol not for riot, but for 'resisting the police in their duty'. The sixteen men received sentences of between three and eighteen months hard labour. John Corbett, the communist organiser, and Eatock, the Aboriginal labourer, were given the harshest sentences. Harold Wolfe and Jack Hansen were each given a suspended sentence and two-year good behaviour bond. Andrew Dunbar Thompson refused a good behaviour bond, and was instead sentenced to six months gaol.

A campaign by the Unemployed Workers' Movement to free these 'international class war prisoners' proved futile, although it drew support from the New South Wales Trades and Labor Council. Petitions from unemployed organisations and some trade unions were sent to the Lang Labor government, demanding the immediate release of the 'Bankstown Boys' and an open enquiry into the police violence at the Bankstown eviction. After the Bankstown and Newtown eviction 'fights', the Unemployed Workers' Movement re-evaluated its strategies:

The lesson of Bankstown and Newtown is that not all our forces were thrown into the field to activise [sic] the workers but many were engaged merely in preparing defensive measures at the scene of the eviction. Our campaign thereby showed a tendency to degenerate from mass work to conspiratorial work. Because the houses in Newtown and Bankstown were barricaded, it is wrong to assume that every house must be defended in the same way. Turning every house into a fortress of barbed wire and sandbags must be condemned and every available effort must be used to mobilise the mass of workers in the neighbourhood in support of the tenant.[61]

After the release of the Newtown defendants, the UWM continued to demonstrate against selected evictions, but in Sydney its members never again occupied barricaded houses.

While the activities of the Unemployed Workers' Movement had provoked a repressive response from the police in Sydney, the organisation also forced the state government to recognise the difficulties faced by poor renting families in the Depression. Premier Jack Lang revised the state law that governed tenancy by freezing rents. It was hoped that the introduction of this measure would cause the UWM's anti-eviction struggles to wane. Lang's minor amendment of the rental law did little to address or improve the circumstances confronted by tenants in a period of mass unemployment and economic crisis. Despite the actions of Premier Lang and the unorthodox methods of the Unemployed Workers' Movement in Sydney, evictions continued to occur.

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In Praise of Usura

Melinda Cooper and Angela Mitropoulos

...the financial crisis is an effect of usury from below, a consequence of speculative household consumption that extended beyond the limits which were tolerable to capital.

In the heady maelstrom of official and tripled declarations of crisis - not least that of subprime - there are some notable phrases doing the rounds. With a recycled air of self-evidence, we have all heard of green new deals, and new readings of John Maynard Keynes' *General Theory of Employment, Interest and Money*, to note the most prominent. We had joked between ourselves, and somewhat grimly, that there would soon be more serious talk of the sin of usury, or that it would be taken seriously in widening circles. In other words, the various attempts to fasten panic to desire, under the rubric of such a perfect storm, would not only reach back to the moral economy of the 1930s for dubious inspiration. In the circulation of what would pass as critique and commentary, there would not only be talk of parasitic capital, of something called unproductive (or unreal) capital, or another round of calls for greater regulation, criminalisation, or to euthanise the rentier. Of these, there had been much discussion already. But, just to make everything more explicit, we thought that these motifs - these fantasies of equilibrium, without which no punctual, if not always anomalous, definition of crisis is possible - would be joined by that of usury, that more medieval bundling of evils.

In March 2009, and rehearsing an earlier piece in *The Guardian*, Ann Pettifor (self-described co-author of the Green New Deal and co-founder of Jubilee 2000) wrote for the *Huffington Post* on the need to revive the sin of usury. In the next month, *Harper's* published a special edition, featuring an article by Thomas Geoghegan on 'infinite debt', in which he lamented the dismantling of 'the most ancient of human laws, the law on usury.' Of six pieces carried on *Democracy Now*'s website, five were published since January, while *The Daily Kos* carried a post in the same month entitled 'Obama vs. Usury? Why Not?'

Much of this had an obviousness about it. After all, the logic that proceeds from the announcement of a crisis in subprime to that of (as the jargon has it) the liquidation of toxic assets requires a moral turn against usury - and such that, among other things, words like liquidation begin to sound either reasonably bereft of consequence or morally obligatory. We will return to the question of these consequences below, but note that the current talk of usury marks, under the banner of a tripled crisis (energy supply, climate and finance), the re-invigoration of certain conservative agendas which circled around what the mainstream opted to call the anti-globalisation movement. And, just as the panic over some apparently new-found globalisation at the end of the 20th century was attended by an actual proliferation of controls on the movements of people - and in some notable instances, open alliances between greens, social democrats and xenophobic groups during the campaigns against the MAI and WTO in the late 1990s - we would argue that the inclination here is toward a normative rectification that is more or less violent in its requirements and decidedly transcendental in its vantage point.

We are not interested in rehearsing the debates over the branding of a series of anti-summit protests and the irreconcilable many who gathered there - over whether they were anti-globalisation, globalisation from below, anti-capitalist, or counter-globalisation. Plainly, they were all of those and some. Yet, the alliances between parts of the left and right against globalisation were, even if only fleetingly, more than the mistakenly shared platforms of a few conferences and press releases. It might be better, then, to begin by noting that what Keynes, following a long tradition in political economy, described as counter-generation is nothing other than the condition of usurious debt. And, as with lyrical condemnations of 'people smuggling' and 'sex trafficking', which have unfolded their hypocrisy alongside the fortification of border controls (without which, it goes without saying, neither 'people smuggling' nor hyperexploitation would be possible), so too the calls to reinstate the sin of usury are directed toward a restoration of boundaries. In accountant's language, and to borrow Pettifor's, this translates as a restoration of 'faith and trust in the way banks do business'. At stake in current pronouncements against usury is the redemption of contract and control of issue. This is not only a question of banking but, more broadly, of faith, promise and the authentication of value as these resonate across contracts simultaneously rendered as social, marital, industrial and fiduciary.

The question of borders is, then, more than analogous. Recalling capitalism's bloody inauguration in the enclosures and witch hunts, and its most vicious moments since, sermons against the sin of usury have always implied that crises might be transcended in the determination of a boundary between that which is excessive and that which is proper. Usury connotes neither finance, nor interest, debt or capital, as such. Even less does it suggest a critique of finance, interest, and so on. To confuse this would be the first mistake. Usury is, more precisely, a signal of debts deemed exorbitant and illegitimate (if not exactly, or not yet, illegal). To denounce usury is to point an accusatory finger at debts whose repayment cannot be guaranteed and therefore should not have been promised. Unlike the debt that can be repaid, which in its repayment makes the future a calculable version of the present, usurious debt assumes the existence of an incalculable, unknowable - and, quite possibly inflationary - risk. In its malevolently construed history, usury has signified both unnatural generation and an obstacle to proper generation, not so much non-normative as abnormal.

Take Pettifor, writing in *The Guardian*, for whom usury is the accumulation of 'reserves of unearned income' and 'creating money at no cost', that is, both the absence of productivity and the seemingly magical accumulation of money. Elsewhere she calls bankers wizards. Usury is a complex semantic assemblage, irreducible to its intimate, political, sexual or economic registers. It is not, however, the ancient, pre-capitalist law overtaken by capitalism that Geoghegan and Pettifor imply. As expected, the medieval Church pronounced injunctions against usury depending on whether it was a lender or borrower but, more significantly, it mobilised its denunciations in the process of expanding a purgatorial market upon which it made rental claims of its own. In a philosophical-economic register, the sin of usury is the labour theory of right (and of value) in its most forcefully capitalist - i.e. most insistently naturalising, moralising and (re)territorialising – form. All questions of the authentication of value will be solved by invoking this right. It is labour that will distinguish what is counterfeit from what is real and has value, and that will differentiate hoarding from thrift, and so on. To be sure, it has its strongest philosophical precedent in the Aristotelian distinction between the *oikos* and the chrematistic, defined in turn as the productive household and an excessive love (of money) that does not result in production. Following Aristotle, Aquinas declared usury to be analogous to sodomy. Though nowhere, leaving aside Dante's Seventh Circle of Hell, is the demand that bodies partake in authentic, productive issue - whether what passes between them is defined as sex, labour, touch or communication - more spectacularly put than Ezra Pound's *Canto LXV*. A fragment:

> Usura slayeth the child in the womb
> It stayeth the young man's courting
> It hath brought palsey to bed, lyeth
> between the young bride and her bridegroom

Pound, of course, goes on to intone that usury is *contra naturam*, against nature. Usury, for him, as for many before and since, indicates both unproductive excess and impotence. It is this condition which elicits the charge of usury, and the obligation to return to natural, productive arrangements through fiat and force, for example in the heteronormative household, in nationalism (or the domestic economy), in the guarantee of issue and the redemption of value through labour. That is, production and reproduction should be turned to their properly deemed effect and union. For this reason, the sin of usury was not only part of that medieval confluence that included the sins of sodomy, of prostitution, sermons against gambling, witch burnings, the pogroms and anti-heresy trials. Nor was it only the pertinent aspect of national socialist and Shakespearian figurations of, respectively, cosmopolitan and faithless Jew - around which ressentiment would be organised and the fraternal equality of the nation restored. After all, the prohibition against usury was never invoked when the borrower was deemed a brother.

But the theme of usury returns in the 1930s, for socialists both national and democratic, because this time is marked by, among other things, the rise of line-work and the problem of its management - a problem that was simultaneously sexual, racial, libidinal, intimate and economic because it was a question about what bodies do and can be made to desire. In this instance, the management problem was resolved in a re-alignment of the connections between factory, household and domestic market that we call Fordism. Henry Ford's name is not only associated with a time of the fraternalised assembly-line and family wage. It also appears as the author of *The International Jew: The World's Foremost Problem*. What Ford reproached the International Jewish Banker for was not only his unproductive use of money, idle speculation and profit (that is, making money without recourse to labour), but an exorbitance in every sense: as too high, but also beyond the pale - in other words, a future unable to be captured by the productively interlocking flows, geopolitics, and architectures of gender, citizenship, sex and race.

In this sense, current discussions of the sin of usury are not quite the anachronism they seem to be. It is no small matter that Pound's Canto begins: 'With usura hath no man a house of good stone'. Usury is indeed disruptive of the normative household, the *oikos* that inclines toward productive pursuits. Denunciations of the corruptive influence of money on the poor, on women and the otherly-complexioned - or, less figuratively, on those deemed not to understand or unable to adhere to the conditions of the contract, or who squander money in enjoyments when they should be virtuously working - are a moral campaign against the spread of inflated desires as much as inflationary prospects and their deflationary comedowns; in other words, the possibility that the currency itself will be debased. This is the danger of surplus becoming excessive.

Keynes acknowledged in *The General Theory* that scholastic prohibitions against usury had the merit of allowing the 'marginal efficiency of capital to be high, whilst using rule and custom and the moral law to keep down the rate of interest'. The rate of profit on 'productive capital' would remain undiminished, even as interest rates on 'unproductive' loan capital were curbed. The Keynesian taxonomy of economies is reminiscent of the medieval scholastics not only in its attention to the corrosive effects of interest-bearing capital on the social contract but also in its insistent sexualisation of the transactional relation as such. It is a question, then, of the security or insecurity of the contract (whether sexual or economic), and of the tensions between contract and circulation, the union and dissolution of bodies and fluids. Where the scholastics obsessed over the counter-natural acts of prostitution and sodomy - economies of desire which liberated transaction from the space of household consumption, generating pleasure from pleasure with no comparable investment in the reproduction of lineage and familial property - Keynes' idiom was that of medical hygiene. His exemplar of counter-natural generation is the solipsistic production of pleasure through masturbation. But the point remains the same: in its capacity to generate interest through the excessive liquidity of money, speculative investment is

similar to the wasteful economy of masturbation. True enterprise, in contrast, puts the (re)productive potential of fluids to good use by securing their investment in the reproduction of 'organic unities', be they familial or national. The Keynesian sexual problematic can be expressed as follows: how to domesticate the exorbitant contingencies of desire? How to contain the overly liquid circulations of body fluids within the genealogical space of household consumption, where its wastes can be redeemed? At one point, Keynes asks himself whether in fact the investor should be held to his investment by a contractual agreement on the model of the marital union:

> [T]he spectacle of modern markets has sometimes moved me toward the conclusion that to make the purchase of an investment permanent and indissoluble, like marriage, except by reason of death or other grave cause, might be a useful remedy for our contemporary evils.

Ultimately, however, he opts for a settlement between the gambler's surplus consumption of pleasure and the reproductive investments of the marriage contract, the coincident application of stimuli and demand management on bodies demarcated and linked as households, superintended by the national convention as a way of channelling liquidity to the ends of long term growth. After all, marriage, whether gay or straight, is both a social and marital contract, as much about recognising the nation state's authority to vouchsafe issue and trust (and to link property to what is proper, possession to authenticity), as it is about some theoretically expansive recognition of couplings. But it might be noted that Keynes began his career as economic theoretician with a rebuke of 'unfertile habits' in the English colonies. His was a Malthusian formula of population, production and territory that defines optimal population numbers according to their assessed levels of productivity. That this was the formula which bureaucrats of the German national socialist government relied upon in the path that went from labour camp to extermination factory should go without saying.

In any event, while this meshing of genealogy, intimacy and sex in the coupling of household and nation state might appear to unfold in a purely metaphorical register, as the figurative embellishment of Keynes' expositions on more strictly economic matters, it has had very literal consequences in the subsequent history of the national convention. In the Keynesian welfare state, the harnessing of finance to serve the interests of long term national production finds its moorings in the partitioning and regulation of the domestic space of (re)production and consumption. Quite simply, the Fordist conventions around industrial labour would not have been possible without a correlative regulation of the domestic economy of the household, secured through the legislative means of the family wage, normative social welfare and the eugenic combination of a de facto prohibition on abortion operating alongside enforced sterilisation and other punitive reproductive policies. In this way, unproductive life - life before and after work or rather life in excess of work - is recaptured in the reproductive margins of the normative household, redelivered in other words to the ends of proper social production and the reproduction of the time of labour. The Keynesian welfare state constituted the household as the ultimate foundation of the national economy. It is this foundational value which will guarantee the trustworthiness of state fiat money - a promise that all debt issued by the state will be redeemable, if only in the long run, premised as it is on the 'free gift' of female labour and the familial consumption of the fruits of industrial labour. Yet, whatever else the history of the welfare state suggests, it is also the case that neither Fordism nor the welfare state extended their reach until the second half of the 20th century - and they did so in the wake of the conscriptions of labour and of violence and, not least, the industrialised liquidations that culminated in WWII. We are once again in a time of repatriations.

As Philippina domestic workers flee the upper class neighbourhoods of New York, Polish migrants depart the restaurants of London, and Bangladeshi construction workers board charter flights from the Gulf States under threat of losing their confiscated passports, we are witnessing a series of enforced repatriations on a massive scale, as far reaching and 'informal' in its methods as was the preceding era of labour migration. This is the geopolitical and demographic face of debt redemption - perhaps the one immediate way in which the nation state is able to make good on its promise to purge 'toxic assets' and restore confidence in its national currency. As economies retract into their domestic boundaries, there are striking parallels to be drawn with the crisis of the 1930s. Yet the situation today is immeasurably more complex. As the issuer of the world's reserve currency, the US economy is neither national nor international in the precisely Keynesian sense of the terms. Pivoting around the US Treasury Bond, the economies of the US and China are locked in a mutual embrace from which there is no possibility of peaceful exit, the one acting as the world's producer and exporter, the other as its consumer of last resort. Behind Obama's reassuring moves to usher in a new age of 'cooperative partnership' between China and the US lies the uncomfortable fact that neither can realistically pursue its stated goals of reinvesting in its national economy (China in domestic consumption and the US in domestic production) without some major shift in global financial, political and military powers.

What this suggests is that the current moment of repatriation is merely the prelude to a renewed deterritorialisation of capital flows on another scale and another basis. How this shift in the great powers will play out remains a matter of speculation, depending on the unfolding relationship between the US and China, on bargains made and broken over the distribution of 'social unrest' and its management. But whatever the outcome, it is clear that the politics of the household is no longer (and perhaps never has been) a wholly domestic, or national, concern. This much was acknowledged by Bernanke when he accused the Chinese of having tendered the poisoned gift of easy credit to the American working class, while they themselves indulged in excess hoarding. The recent diplomatic manouevering of China, pursued during the long years of US military engagement in the Middle East, gives some indication of the stakes. Like many other countries, China responded to the financial crisis by repatriating its surplus population of internal migrants, while

promising to reinvest in its domestic economy and extend welfare to its rural hinterlands. Such a reform, if carried out, would signal a radical turnaround to China's post-socialist household registration system, whereby China's rural workers were maintained at the borders of citizenship through constraints on mobility and access to welfare. The only way it could accomplish this feat is by again deterritorialising its household economy - perhaps this time by offshoring industrial manufacture to Africa and Latin America rather than insourcing its rural population as cheap migrant labour. If this were to occur it is not only China's domestic economy which would be profoundly affected but also the world-systemic co-dependency between the Chinese and US economies - a scenario which the US is at pains to avoid. Repatriation has its simultaneously geopolitical and familial aspects.

Insofar as the agenda of the incoming administration is to restore the integrity of the US dollar as the global reserve currency, it will also, necessarily, entail a more or less violent reinscription of the *oikos*. It is the North American household, after all, that most unassuming of categories in the budget itemising of economic theory, which has played the role of the world's consumer of last resort for the past decade or so, coupling the economies of China and the US in a creditor-debtor relation from which, it seemed until recently, there was no way out. More than this, the North American household had been targeted as an emerging consumer market for a proliferating range of new financial risk products, many of them designed to finance the everyday life of people who had long replaced the deferred gratification of the Keynesian wage with the borrowed time of the credit card. The evaluation of risk is not, of course, an exact science and relies much more on the psychology of confidence, trust and indeed moral judgement as on any probabilistic calculation of mathematical chance. This much was again confirmed by retrospective enquiries into the subprime debacle, which show that the 'creditworthiness' of borrowers (prime, semi-prime and subprime) was more often than not calculated on the intangibles of race, gender and marital status as on net income, credit histories, and assets. What is known is that the greater proportion of subprime was composed of women, and African-American and Latina women in particular (most of those demographed as 'single parent' households or living in non-normative 'arrangements'). What is also clear is that the interest rates and contractual conditions of the subprime market were more exacting than in other loan markets - in some instances, those women were relegated to subprime loans even when earning as much as their white male counterparts.

When the deceptively homogeneous category of the household is scrutinised then, it splits open to reveal a Koch's curve of deflections from the norm. For while it may be true that we are 'all subprime now' (in that the Keynesian ideal of life-long stable employment is the exception rather than the rule), in practice the pricing of risk is overtly contingent on the more or less normative (familial, sexual, racial) status of the borrower. Esteemed to embody the least exotic and least profitable of risks, the white male borrower was also offered the safest of mortgage contracts. Other contractors were assigned to the volatile fortunes of the variable interest rate. It was these risks, deemed to be the most exorbitant on offer, which would be repackaged into the more ostensibly exotic mortgage-backed securities, promising to render profits as vertiginous as their dangers - threatening also, at some point, to test the limits of market confidence in their long term investment quality. In the meantime what were once casually referred to as exotic financial instruments, by virtue of their incalculable promise, are now just as blatantly renamed toxic assets, which everyone wants to purge from their balance sheets.

As Keynes explains in *The General Theory*, the pricing of risk in the capital markets is comparable to a beauty contest in which investors assign their votes not so much on the basis of 'real or fundamental aesthetic value', but rather on a continual, nervous assessment of other peoples' judgements. While the housing boom momentarily offered a kind of renewable redemption contract for the erstwhile Welfare Queen and other undesirables of the US economy, the very terms of the subprime contractual arrangement meant that these minority contestants would be the first to suffer the consequences of declining investor confidence. Pushing beyond the limits of normalisable risk, the specificity of late 20th century financialisation is the expansion of credit of all kinds to the riskiest of 'at risk' populations including, it would seem, undocumented migrants. Now that the manic phase of credit creation has lost its nerve, the subprime class in the US is exhorted to live within its means in a virtuous gesture of belt-tightening - that is, to return to the ranks of race, sex and class. As the exotic sours into toxic, the expansion of investor confidence, ecumenical, liberal and even daring in its tastes, suddenly demands the immediate redemption of all debts.

Viewed in this way, the political calculus of Obama's rhetoric of faith, household, work and confidence assumes its full complexity. Obama's familial politics incorporates a moral discourse on the African-American household which is - for the moment, at least - benevolent rather than punitive, restorative rather than disciplinary and (perhaps most notably) directed more toward the African-American father than the welfare mother. This much distinguishes Obama's rhetoric from that of his predecessors. It remains, however, a moralising rhetoric. One which responds in very astute terms to the combined predicament of the subprime household and the faltering US dollar. Vowing to renew America's promise and redeem the trustworthiness of the US currency, Obama locates the foundation of this promise in the North American household - with a particular focus on its African-American incarnation. If the future of this household has been gutted by the subprime crisis then the solution offered by Obama is first of all a re-normalising one, most notably by restoring all fathers, black and white, to their position of responsible paternal figures. As stated in his campaign publication, *Change We Can Believe In*:

> Barack Obama believes that of all the rocks upon which we build our lives, family is the most important. Fathers are critical to this foundation, but since 1960, the rate of American children without fathers in their lives has quadrupled, and more than 25 million children live without their biological fathers today. [...] Obama believes [in] promoting responsible fatherhood and supporting families.

Yet, in the absence of a credible bail-out directed at the subprime household, the discourse remains purely moralistic, a more or less veiled imputation of guilt through overconsumption (too much fun has been had, not pointing any fingers) which finds its counterpart in Black Nationalism and may some day be radicalised by more overtly nativist, survivalist and white supremacist elements in American political life, precisely those that have been reinvigorated by the groundswell of white working class opposition to Obama's election. Dion Dennis, writing for *CTheory*, astutely traces the history of prohibitionism through the time of Roosevelt's New Deal, suggesting that this finds one of its most recent expressions in an escalation of the war on filesharing and remix cultures. To his account, it might be added that the Great (Livejournal) Strikethrough of 2007 was as much a conflict over the norms of the sexual contract as it was the mark of that conflict's limit in digital labour's contractarian imaginary - these mechanisms presuppose the limit of the border construed as frontier, beyond which all forms of violence are permitted. In other words, this prohibitionist impulse makes its way through every possible formulation of identity (class, race, gender, citizenship, sex, generation, and so forth) on the basis of a morally radiating distinction between counterfeit and authentic, seeking the demarcation of zones and acts of illegal (re)production and, more significantly, reconstituting the powers to decide these distinctions (which is to say, to bring a legitimated, if not entirely naturalised, violence to bear).

Denunciations of usury amplify the questions of intimacy and genealogy around which labour is organised and contracted - this is the naturalising hinge between domesticity and the domestic economy, further tightening the links between the simultaneously sexual and political economies of domesticity and the domestic market (including the market in labour), and in preparation for redistributing people across their architectures, geographies and boundaries. We might point to the evictions of squatters and deportation of migrants from Jakarta; the pogroms against undocumented migrants and those 'of Middle Eastern appearance' in South Africa, Italy, and Australia respectively (in Italy's case, surrounded by talk of 'cleaning up the rubbish'); and the announcement of epidemics of child abuse as a prelude to real estate manoeuvrings, or pandemics as evidence of the hygienic importance of migration controls, as some of the ways in which repatriations have occurred recently.

Karl Marx's ambivalence on the question of the labour theory of right - an ambivalence that continues in the divergent legacies of socialist productivism and the refusal of work - is no more cause for hesitating in the face of these repatriations than can his critical remarks on the attachment of rights to production be set aside for the sake of conforming with the rise of a seemingly inexorable neo-Keynesian consensus. Indeed, when it comes to discussing usury, in the third volume of *Capital* Marx refers to it as the 'occult property' of interest-bearing capital, insisting that it exploits the conditions in which it finds itself but in no way should be considered as having created them. For him, usury 'lives in the pores of production, as it were, just as the gods of Epicurus lived in the space between worlds'. He goes on to say that 'the usurer knows no other barrier but the capacity of those who need money to pay or to resist.' These reallocations - whether rendered as the liquidation of that which is toxic or (in the recent Italianate) a clearing away of the rubbish - seek to restore the borders, the filters and walls, between those who need money to pay and those who need it to resist. Here, violence is made rightful on the ground of the labour theory of right. As George Caffentzis puts it, 'If the rentier, through his/her right of exclusion, disrupts the productive development of a profitable industry, then there is a right of the "more productive" to lay claim to the right of exclusion'. And what counts as labour is that which might, simply put, be counted, exchanged, made indifferent. Put schematically, the rentier lays out fence lines, within which there exists a monopoly on violence, including that which secures the legitimacy of the currency, can command labour to be exerted, guarantee contracts and so on. The rentier shifts from being a good (finance) capitalist to a parasitic usurer when they lend to those who cannot (or will not) repay. But the question for those of us who do not concern ourselves with balance sheets is how this ostensible conflict between good and bad capitalism unleashes a redemptive, morally sanctioned violence to, as Obama remarked, put 'people back to work' or, on the other hand, declare them superfluous, parasitic or simply a barrier to more productive pursuits. Whether this legitimated violence unfolds in the form of what Tatjana Greif (in *Reartikulacija*) has referred to as the New Inquisition (against unproductive sex and gender indeterminacy) recently announced by Pope Benedict XVI in his pre-2008 Christmas address to the Roman Curia or, as with the emergence of the welfare state last century, in the expansion and proliferation of wars more officially declared and undertaken, the question is of the domestication of the crisis. There is no such thing as a non-violent counter-cyclical.

For Marx, the restoration of limits and boundaries does not mark the resolution of capital as such (as the moral critique of capitalism always imagines), but rather the retraction of credit which occurs once the expansive phase of capitalist debt creation has ceased to be profitable. Capital oscillates between the poles of credit expansion and credit retraction, is maintained in tension between the two tendencies in a dynamic that is neither dialectical nor progressive. As such the restoration of boundaries of all kinds is a periodic necessity of capitalist accumulation, as intrinsic to the capitalist dynamic as the expansive production of credit. Yet while Marx acknowledged that the moment of restoration, in its abstraction, can take on any number of geographical, contractual and productive forms (from the enclosures to the wage contract to the creation of the poor houses) he was unable to perceive the dynamics of restoration

in its most intimate operations. In other words, in those moments when it claims to reimpose proper boundaries on the sexual transaction, to reconfine production within the household economy of familial reproduction, and sexual transit within the genealogical limits prescribed by the race, people or nation.

We are not, therefore, suggesting that Obama's moral reinscriptions of the household be supplemented with real economic supports of a neo-Keynesian kind in the manner, for example, of the family wage. This, indeed, is one of the demands of Obama's progressive Christian supporters, E. J. Dionne, and is one obvious direction in which demands for a living wage or basic income might unfold. Rather, we are interested in pushing the exercise in excess even further, in praise of a usurious economy from below that would begin with the most intimate of acts while breaking beyond their normative sexual and racial boundaries. Briefly put, how is it possible to live on borrowed time, to extend credit to oneself and others, while defaulting on the contractual arrangements one might have with the creditor? This is not an instance of declaring what is to be done, but of noting what is already occurring. Treasury Secretary Paulson was not so wrong in accusing the subprime class of being 'speculators'. It is possible to separate the temporality of speculation from the obligation of debt, as long as living beyond one's means (which means living beyond the conditions of scarcity imposed by the wage) is no longer limited by a deference to repayment. As the foreclosures began, some defaulted on their debts while extending their own credit lines - the latter, often in the most practical of ways, by staying on after foreclosure and reconnecting energy. The merely private reocccupation of property could undoubtedly descend into the most reactionary of populisms - a survivalist protest against the federative, taxing state. But when the reoccupation extends beyond the limits of the private (whether in its strictly economic or infra-economic, familial and genealogical form) it enables connections of a more interesting kind. Some post-foreclosure squatting groups make a deliberate effort to separate re-housing from prior claims to ownership, therefore breaking with the moral pact between lineage, property and an authentic (i.e. non-usurious, repayable) debt. Generally, squatting networks have long been preoccupied with the question of how to reconnect and house without recourse to the identifications of race, class and sex that have a tendency to reform, even in the most marginal of spaces. In this regard, we could point to the queering of (some) European squatter spaces, the presence of undocumented women from Algeria in queer squats in France, or the regular traffic between queer, sex worker and undocumented squats of London, Oakland and Sydney. Moreover, the question of permanent occupation posed during the New School occupation - that of how to go beyond the 'four sweating walls of privacy' - assumes a wider conflict over genealogy, territory and property beyond simply that which is manifest in the universities or contained under the heading of cognitive labour.

As it is, we would argue that the financial crisis is an effect of usury from below, a consequence of speculative household consumption that extended beyond the limits which were tolerable to capital. And so, while it is a commonplace to speak of predatory lending, it is too easy, we think, to assume that those who took out the loans had no sense of risk or, rather, did not strategise within the cramped conditions of what was a monetised, racialised and gendered housing regime well before the advent of subprime loans. Usury lives in the pores of production because that is where many live, or attempt to. Condemnations of usury, even where seemingly pronounced in the interests of the poor, have - as Marx noted - a tendency to 'turn pious wishes into their very opposite during the process of realisation'. Disorganised from the perspective of social movement theory, and yet nevertheless effective, the subprime class rolled over their debts and lived beyond their means, generating surplus in the most unproductive of ways. The financial crisis signalled the existence of mass debt default and occupation, and was precipitated by the growing presence of usurious households. This unfolds as an experiment in the defamiliarisation of the nexus that binds intimacy, genealogy and productivity.

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Many critical commentators view the current crisis and the attendant legitimacy problems for free-market capitalism as an opportunity to make the case for financial re-regulation, i.e. a reassertion of public values against globalising markets. [...] such assessments of the political possibilities offered by the subprime crisis rest on a misappraisal of its nature and, more broadly, the nature of the neoliberal era. [...] the financial expansion of the past decades cannot be adequately understood in terms of the state's failure to regulate financial markets. Financial growth has not involved the retreat of public institutions, the dissolution of social bonds or an emptying out of subjectivity, but has rather been a process whereby new organisational linkages were forged, particular norms and relations of institutional control were constructed and complex identities with thoroughly interlinked emotional households were created. Through a historical interpretation of the development of American finance since the New Deal, the paper outlines how the reconfigurations of neoliberalism have not reduced but enhanced the institutional capacities of the American state, as well as the leverage and power resources available to those who enjoy privileged access to the state's organisational mechanisms. It then returns to the question of the political significance of the current crisis, suggesting that to seize on the change in ideological climate to advocate increased state control over financial life is likely to come down to supporting the restoration and fortification of an infrastructure of financial power that we criticised when it still went under the ideological banner of neoliberalism.

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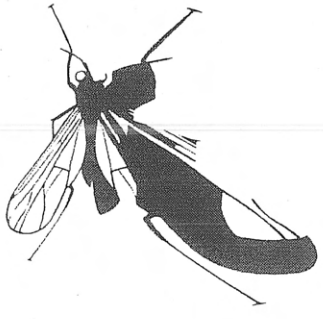
- "Rethinking Neoliberalism and the Subprime Crisis: Beyond the Re-regulation Agenda," Martijn Konings, Competition & Change, 13:2, June 2009:



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